

**IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

CLARITY SOFTWARE, LLC,	)	Case No. 2:12-cv-01609-MRH
	)	
Plaintiff,	)	
	)	
vs.	)	JURY TRIAL DEMANDED
	)	
FINANCIAL INDEPENDENCE	)	
GROUP, LLC and LUCAS PARTNERS, INC.)	)	<b>ELECTRONICALLY FILED</b>
d/b/a CAROLINA COMPUTER PARTNERS,	)	
	)	
Defendants.		

**AFFIDAVIT OF VINCENT B. HECK**

I, Vincent B. Heck, declare under the penalty of perjury that the following is true and correct:

1. I participated in a computer science courses while as part of my undergraduate studies at Carnegie-Mellon University.

2. I thereafter developed the original DOS-based version of the “PenD’Calc” software, a pension distribution calculator, while sole shareholder of MicroBase Corporation in 1987.

3. In 1993, the ownership of the copyright for PenD’Calc software was transferred from MicroBase to the newly-formed PenD’Calc Corporation, which was half-owned by me until 1997 or 1998 when I became sole shareholder.

4. By 1993, I had expanded PenD’Calc software to include several other modules, including an inherited IRA calculator that was the precursor to the software at issue in this litigation.

5. In 1996, I commenced the development of the 32-bit Windows-based version of the software that is at issue in this litigation.

6. I was the sole owner of the intellectual property for this new 32-bit version, and it was licensed to PenD'Calc Corporation for distribution.

7. I fought and beat cancer in the late 1990's and encountered financial difficulties as a result.

8. My friend and C.P.A., Eric Wallace, made a loan to PenD'Calc Corporation, which was secured by the Corporation's and my intellectual property assets, including the software at issue in this action.

9. In 2003, it was agreed that Wallace would assume ownership of the intellectual property, cancelling the loan.

10. Wallace founded Clarity Software, LLC in for the purpose taking ownership of and marketing the software. All assets of PenD'Calc Corporation and the copyrighted software that I owned were transferred to Clarity on August 29, 2003, and PenD'Calc Corporation was dissolved.

11. At that time, I was employed General Manager of Clarity and was paid a salary by the company.

12. Wallace told me that he had registered Clarity Software as an LLC, but I was not privy to the details.

13. Pursuant to an agreement between Wallace and myself, Wallace assigned to me the entirety of his ownership interest in Clarity at the end of 2008, making me Clarity's sole Member.

14. To this day, Clarity continues to use the “PenD’Calc” name in marketing its software because of its recognition in the industry.

15. The software at issue in this litigation and its DOS-based predecessor has been my primary source of income for over twenty-five years.

16. The software is comprised of tens of thousands of lines of code that I developed on my own and refined over the years. I spent decades refining the software’s output.

17. The software is well-regarded by financial planners, and thus has been highly successful for the duration of its existence.

18. The software is currently licensed to some of America’s largest financial institutions as well as insurance field marketing organizations, and individual insurance agents.

19. The software produces complex illustrations that financial planners and insurance agents use to demonstrate the financial benefits of various financial instruments, including annuities when used to “stretch” distributions from a client’s qualified or non-qualified account over multiple generations.

20. The illustrations show how both a qualified inherited IRA vehicle or a non-qualified inherited IRA vehicle can be used to increase the total value of IRA distributions, and explain the amounts that the client, his spouse, and his beneficiaries are projected to receive on an annual basis.

21. Customers who use the software have reported that the illustrations are critical to their ability to maximize their sales of annuities and other financial products.

22. Until Clarity’s existence as an LLC was called into question in this litigation, I believed that Wallace had properly registered Clarity as an LLC with the Pennsylvania Department of State.

23. Clarity has a federal tax ID number (22-3867336), under which it paid federal and Pennsylvania taxes and at various times, and paid its employees. Clarity filed tax returns from its inception in 2003 until 2008. After that point, I was sole Member and included Clarity's income on my personal tax returns.

24. Clarity withheld federal and Pennsylvania income taxes on behalf of its employees and paid all applicable payroll taxes and unemployment compensation contributions, always identifying itself on its state and federal filings as "Clarity Software, LLC."

25. Any defect in Clarity's corporate registration was the result of a clerical error or oversight by Wallace, who handled the registration. I am not in possession of any documentation shedding light on the question of whether the error lies with Clarity or with the Pennsylvania Department of State.

26. On or about October, 2012, I received a phone call from Josh Nelson, an employee of 3-Mentors, which is an insurance field marketing organization. 3-Mentors had previously bought a financial product through FIG and directed its agents to use Defendants' inherited IRA calculator. 3-Mentors wanted to purchase a similar calculator of its own. After comparing output from Defendants' calculator with the sample output available on Clarity's website ([www.pendcalc.com](http://www.pendcalc.com)), Nelson assumed based on the substantial similarity between the two outputs that Defendants' calculator had been licensed from Clarity. The purpose of Nelson's call to Clarity was thus to inquire about licensing Clarity's calculator.

27. Since my calculator had never been licensed to FIG, I was astonished to hear this and investigated. Upon investigation, I determined that the illustration produced by Defendants' software nearly identical to that produced by Clarity.

28. Furthermore, I discovered that Defendants had placed their calculator on a public website. I do not allow Clarity's licensees to put licensed software on publicly accessible websites, as this would eliminate the need for Clarity's customers to pay for and license Clarity's software.

29. While visitors to Clarity's website can view sample illustrations produced by Clarity's software—including samples of the output at issue in this litigation—they cannot produce customized illustrations of how a particular individual's finances will be affected if they use an inherited IRA arrangement. In order to do this, one must purchase a license from Clarity. FIG's website, by contrast, was designed to allow its agents—and anyone else with access to the internet—to produce customized illustrations without purchasing a license from Clarity.

30. I was further alarmed that Defendants' software contained an error that caused roughly half of its outputted calculations to be incorrect. Because of the substantial similarity between the output produced by my software and that produced by FIG, I was concerned that people might confuse my software with FIG's, resulting in damage to Clarity's reputation and the possibility that Clarity might be mistakenly named in lawsuits resulting from FIG's incorrect calculations.

31. Specifically, Defendants' software asked the user to input the client's age, instead of exact date of birth. This is problematic because the age at which a person is required to take a required minimum distribution from an IRA is determined according to his half-birthday instead of his actual birthday. Because Defendants' software does not collect the client's exact date of birth, it has no means to determine when the client's half-birthday is. Thus, illustrations produced by Defendants' software are incorrect for any client who has already passed his half-

birthday for the current year at the time the illustration is produced—roughly half of sales prospects for the product at any given point in time.

32. I can think of several plausible ways in which Defendants could have accessed my copyrighted software output. First, samples are publicly available on Clarity's website, [www.pendcalc.com](http://www.pendcalc.com). Secondly, it is plausible that one of FIG's agents had prior licensed access to Clarity's software. Lastly, I frequently sell licenses to agents who found out about Clarity's software because they were given a copy of one of Clarity's illustrations by a prospect who received the illustration from a competing agent. If FIG or one of its agents had licensed access to Clarity's calculator at some point in the past, it would have been required to accept a "click-wrap" license agreement when activating the software.

33. I prepared the comparison chart (attached to this Affidavit as Exhibit A), comparing principal features of Clarity's protected software output (Exhibit B to this Affidavit) with Defendants' infringing output (Exhibit C to Affidavit) and the output of two prominent competitors (Exhibits D and E to Affidavit).

34. I have been informed by my customers who focus on annuity sales that the "Impact Pages" (Exhibit B, pp. 4, 5) of Clarity's presentation are most critical to closing annuity sales. These are the pages that agents focus on when making annuity sales presentations.

35. My clients use my Stretch Illustrations tools for two reasons. The first is to protect the Qualified & Non-Qualified assets they currently control and manage for their clients and the second is to effectively market their expertise to capture new assets.

36. In the Insurance/Annuity world the Stretch Illustration is one of the most significant ways to sell an annuity to clients that have retirement savings in excess of retirement needs. The Stretch Illustration can be very significant in its impact. Put simply, the Stretch

Illustration shows the dramatic impact of compound interest over the life of the client, spouse and non-spouse beneficiaries. For instance, a moderate account balance of \$100,000 if managed through a stretch vehicle can, in time, yield millions in distributions.

37. That is why the two impact pages have been such an effective tool to sell annuities. Those two pages show clearly the total benefits to all of the power of compound growth using a stretch investment vehicle and the consequence of the absence of such planning.

38. I prepared Exhibit B using Clarity's protected software.

39. I prepared Exhibit C using Defendants' infringing software on October 19, 2012, which at the time was freely available to the public at <http://portal.figmarketing.com/data/tools/InheritedIRA/>. Upon information and belief, this was removed from the public portion of FIG's website after my attorney sent FIG a "cease and desist" letter.

40. I obtained Exhibits D and E, illustrations produced by my competitors, ImagiSOFT and Advisory Network, respectively.

Pursuant to the provisions of 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: March 8, 2013

  
Vincent B. Heck



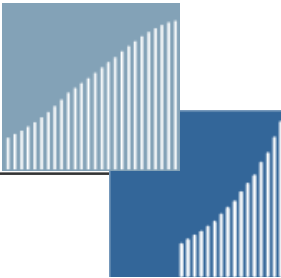
## Stretch / Inherited IRA Illustration Comparison

	ImagiSOFT	Advisory Network	FIG	Clarity
Stretch / Inherited Calculator	X	X	X	X
Copyright Notices	X			X
Illustration Components				
Cover Page	X	X	X	X
Title	X	X	X	X
Pictures	X			
Stretch Summary Phrases	X		X	X
<b>Identical</b>			X	X
"Phase 1 Income to match your lifestyle and preserve your wealth"			X	X
"Phase 2 Continuing income for spousal security and independence"			X	X
"Phase 3 A legacy that passes to the next generation"			X	X
Initial Data	X	X	X	X
<b>Nearly Identical</b>			X	X
Titles & Headings			X	X
Layout			X	X
Language & Formatting			X	X
Disclosure	X	X	X	X
Portions of Disclosure Use Same Language			X	X
<b>==== &gt; Impact Page - Summary Of Stretch</b>	X	X	X	X
<b>Nearly Identical</b>			X	X
Titles & Headings			X	X
Graphical Layout			X	X
Flow Chart Over Summary Total Bar			X	X
Summary Total Bar			X	X
Language & Formatting			X	X
<b>====&gt; Impact Page - Lump Sum vs. Stretch</b>	X		X	X
<b>Nearly Identical</b>			X	X
Titles & Headings			X	X
Graphical Layout			X	X
Language & Formatting			X	X
Client & Spouse Ledger	X	X	X	X
Beneficiary Ledgers	X	X	X	X

## Inherited IRA Analysis

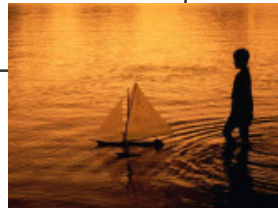
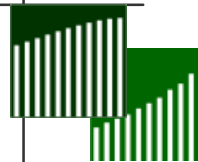
### Phase 1

Income to match your lifestyle  
and preserve your wealth



### Phase 2

Continuing income for  
spousal security and  
independence



### Phase 3

A legacy that passes to  
the next generation



### Prepared For :

Jim and Susan Sample

### Prepared By :

Soft Dev  
Clarity Software, LLC

## Table Of Contents

### **This illustration must contain the following:**

- Cover Page
- Table of Contents & Important Disclosure
- Initial Account Data, Assumptions & Options
- Impact of Lump Sum vs Inherited IRA
- Inherited IRA Flow Chart
- Summary Of Inherited IRA
- Distribution Detail Ledger
- Beneficiary Distribution Ledger & Graphs

## Important Disclosure

This report contains very specific computations concerning the value of retirement assets today, the value of retirement assets in the future, and the taxes, which may be assessed against these assets at any given point in time. These computations are based upon assumptions concerning the value of assets today, the rate at which assets may appreciate, life expectancies, and the rates for income and estate taxation. These assumptions are only a "best guess" and must be carefully reviewed to determine if they are reasonable. The actual values, life expectancies, rates of growth and tax rates may be significantly different from those illustrated. The actual taxes due may be significantly greater or smaller than those illustrated.

This report demonstrates a planning strategy for retirement assets that are potentially subject to income and estate taxes. There are a number of techniques, which are beyond the scope of this report. One or more of these techniques if appropriate, and if used in conjunction with the techniques explored herein, might reduce taxes below those illustrated by this program.

The software used to produce this report has been designed to assist the financial services professional in educating clients on important decisions that may affect their retirement assets. The role of the financial services professional is to help the client meet current and future financial needs. In order to determine the amount of these needs, the financial services professional must discuss with the client certain legal and tax planning concepts. Estate planning for retirement assets involves an in-depth analysis of financial, legal, and tax issues, which should be coordinated with the client's attorney and tax advisors. By using the software that produces this report, financial service professionals can illustrate various planning scenarios to assist the client and their attorney and tax advisors in establishing the most appropriate retirement distribution plan. Since this type of planning involves the application of technical tax laws to a client's unique situation, the client should consult with their tax advisors in determining the suitability of any particular planning technique. The client should also consult an attorney because this type of planning may involve the preparation of legal documents that only an attorney can implement.

## Analysis - Initial Data, Assumptions & Options

### Analysis Info

Retirement Distribution Modeling  
 Analysis Date : 08/14/2012

### Client Info

Client : Jim Sample  
 DOB/Age : 12/17/1955 / 57  
 Illustrate To Age/Yr. : 84 / 2039

### Spouse Info

Spouse : Susan Sample  
 DOB/Age : 12/17/1960 / 52  
 Illustrate To Age/Yr. : 84 / 2044

### Account Info (Balance(s) as of 12/31/2011), Other Values - First Year

IRA  
 Balance : \$500,000  
 Assumed Interest Rate : 6.00%  
 Deposits : \$0  
 First Year Distribution : \$0

### RMD Methods - Phase 1: Client Distributions

Uniform Lifetime Table Based On Client's Age

### RMD Methods - Phase 2: Spouse Distributions

Uniform Lifetime Table Based On Spouse's Age

### RMD Methods - Inherited IRA Phase: Beneficiary Distributions

Term Certain Method Based On Beneficiary Age Year after Inheritance

### Estimate Tax Rates

Estate 0.00  
 Income 0.00

Relationship	<u>Beneficiary Data</u>		
	Name	Date Of Birth	Age
Child	Karen	12/17/1980	32
Grandchild	Tom	08/14/2002	10
Grandchild	Susan	08/14/2007	5
Child	Laura	12/17/1985	27
Grandchild	Alex	08/14/2009	3

**Inherited IRA Analysis**

Exhibit B

4

**Impact Of Lump Sum vs Inherited IRA****Without  
Inherited  
IRA****\$1,320,223****With****Inherited  
IRA****\$3,526,384****Lump Sum (Without Inherited IRA)**

Benefits of Tax Deferral Lost  
Estate Taxes Due  
Income Taxes Due

**Inherited IRA**

Benefits of Tax Deferral Continue  
Income Taxes On Distributions Only  
Lifetime Income Provided to Children

\*Estimated Distributions Subject To  
Income Tax at the Beneficiary's Tax Rate.  
Taxes may be reduced by a credit for  
Estate Taxes attributable to the Annuity.

**Summary of IRA Activity: Jim Sample, Susan, & Beneficiaries**

**Jim Sample**  
**Starting Balance (12/31/2011)**  
**\$500,000**

**Projected IRA Income**  
**Over The Years 2012 to 2039**  
**\$871,054**

**Susan**  
**Starting Balance (12/31/2039)**  
**\$1,311,971**

**Projected IRA Income**  
**Over The Years 2040 to 2044**  
**\$388,510**

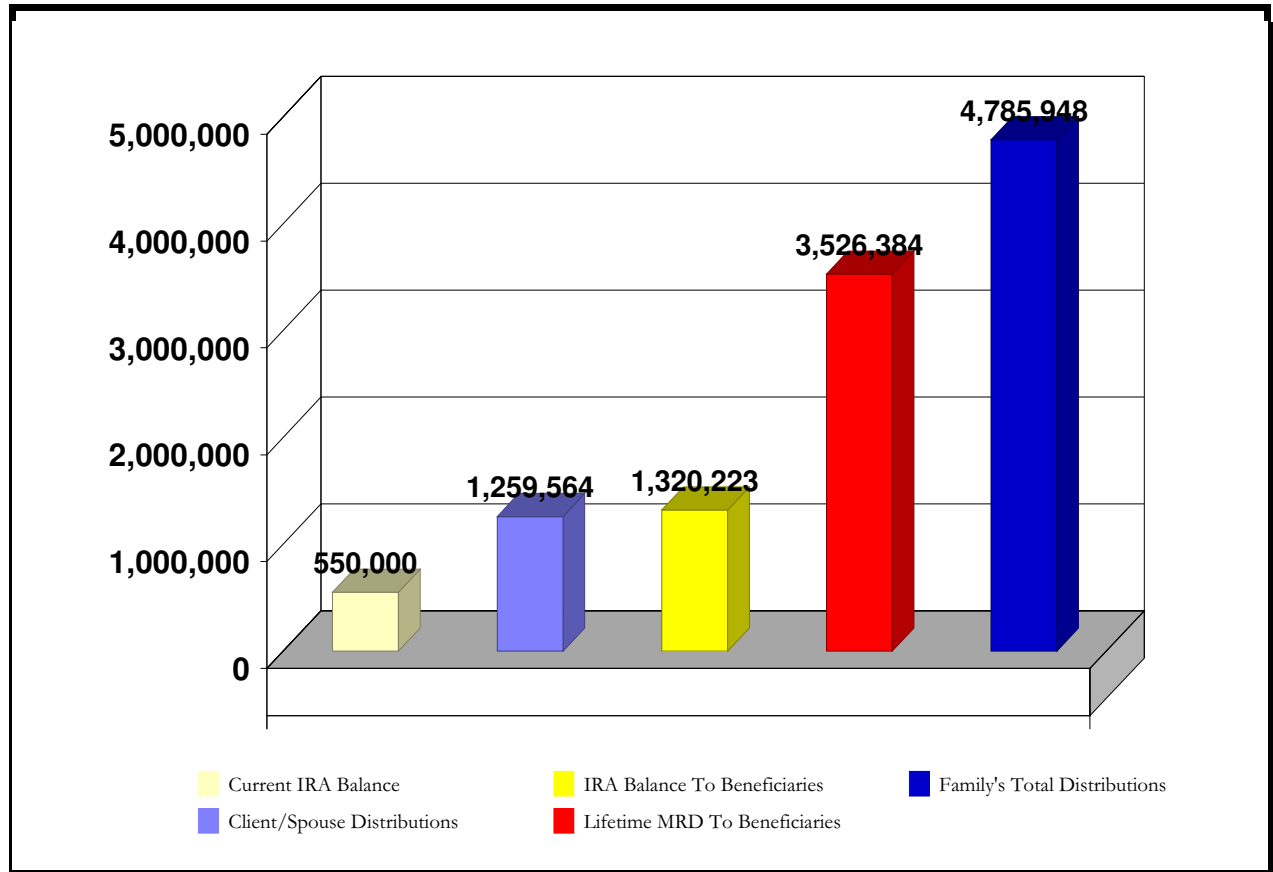
**Beneficiaries Inherit IRA Balance of \$1,320,223**  
**Projected Inherited IRA Income Starting In Year - 2045**

	<b>% Share</b>	<b>Starting Balance</b>	<b>Income To Age -- Year</b>	<b>IRA Income</b>
Karen	42.50	561,095	85 -- 2065	1,154,880
Tom	5.00	66,011	83 -- 2085	288,974
Susan	5.00	66,011	83 -- 2090	353,420
Laura	42.50	561,095	85 -- 2070	1,346,488
Alex	5.00	66,011	83 -- 2092	382,622
<b>Totals</b>	<b>100.00</b>	<b>\$1,320,223</b>		<b>\$3,526,384</b>

**Total Projected Inherited IRA Distributions - \$4,785,948**

**Summary Of Inherited IRA**

**Maximize the Benefits of Tax Deferral  
with the Impact of Compounding Annual Growth**



**Inherited IRA Analysis**

Exhibit B

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**IRA Distribution Detail For Jim Sample & Susan**

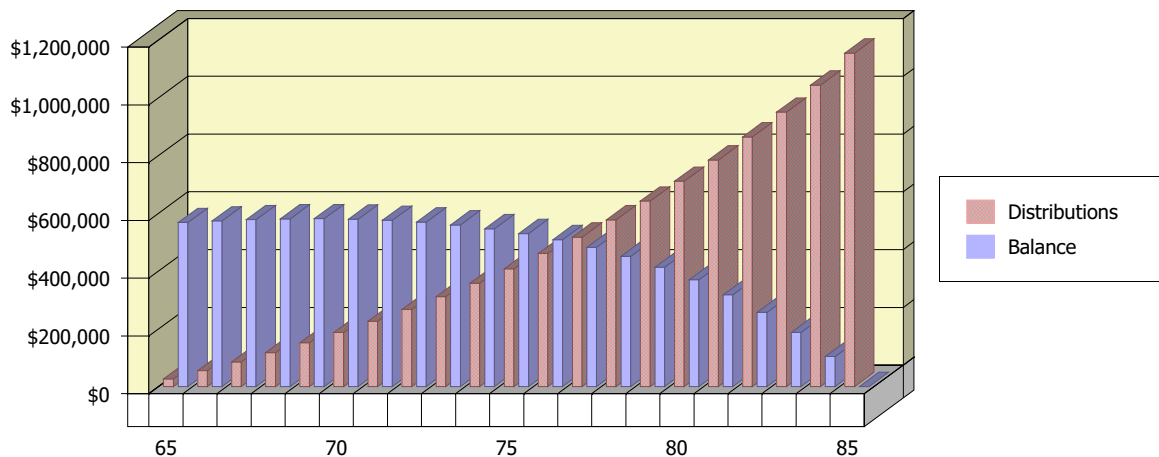
Client	Age Spouse	Starting Balances (12/31/2011):			500,000
		Interest Earned	<u>Account Activity</u> Lx	Distribution /RMD	Ending IRA Balance
57	52	30,000		0	530,000
58	53	31,800		0	561,800
59	54	33,708		0	595,508
60	55	35,730		0	631,238
61	56	37,874		0	669,113
62	57	40,147		0	709,260
63	58	42,556		0	751,815
64	59	45,109		0	796,924
65	60	47,815		0	844,739
66	61	50,684		0	895,424
67	62	53,725		0	949,149
68	63	56,949		0	1,006,098
69	64	60,366		0	1,066,464
70	65	63,988		0	1,130,452
71	66	67,827	26.5	42,659	1,155,621
72	67	69,337	25.6	45,141	1,179,816
73	68	70,789	24.7	47,766	1,202,839
74	69	72,170	23.8	50,539	1,224,470
75	70	73,468	22.9	53,470	1,244,468
76	71	74,668	22.0	56,567	1,262,570
77	72	75,754	21.2	59,555	1,278,769
78	73	76,726	20.3	62,994	1,292,501
79	74	77,550	19.5	66,282	1,303,769
80	75	78,226	18.7	69,720	1,312,275
81	76	78,737	17.9	73,311	1,317,700
82	77	79,062	17.1	77,058	1,319,704
83	78	79,182	16.3	80,963	1,317,922
84	79	79,075	15.5	85,027	1,311,971
	80	78,718	18.7	70,159	1,320,530
	81	79,232	17.9	73,773	1,325,989
	82	79,559	17.1	77,543	1,328,005
	83	79,680	16.3	81,473	1,326,213
	84	79,573	15.5	85,562	1,320,223
		<b>2,079,787</b>		<b>1,259,564</b>	



**Distributions For Karen - Allocation of 42.50%**

Age	Account Activity			Ending IRA Balance		Age	Account Activity			Ending IRA Balance
	Interest Earned	Life Exp.	Required Minimum Distribution				Interest Earned	Life Exp.	Required Minimum Distribution	
65	33,666	21.0	26,719	568,042		85	6,287	1.0	111,071	0
66	34,083	20.0	28,402	573,722			<b>593,785</b>		<b>1,154,880</b>	
67	34,423	19.0	30,196	577,950						
68	34,677	18.0	32,108	580,518						
69	34,831	17.0	34,148	581,201						
70	34,872	16.0	36,325	579,748						
71	34,785	15.0	38,650	575,883						
72	34,553	14.0	41,135	569,302						
73	34,158	13.0	43,792	559,667						
74	33,580	12.0	46,639	546,609						
75	32,797	11.0	49,692	529,713						
76	31,783	10.0	52,971	508,525						
77	30,511	9.0	56,503	482,534						
78	28,952	8.0	60,317	451,169						
79	27,070	7.0	64,453	413,786						
80	24,827	6.0	68,964	369,649						
81	22,179	5.0	73,930	317,898						
82	19,074	4.0	79,475	257,498						
83	15,450	3.0	85,833	187,115						
84	11,227	2.0	93,557	104,784						

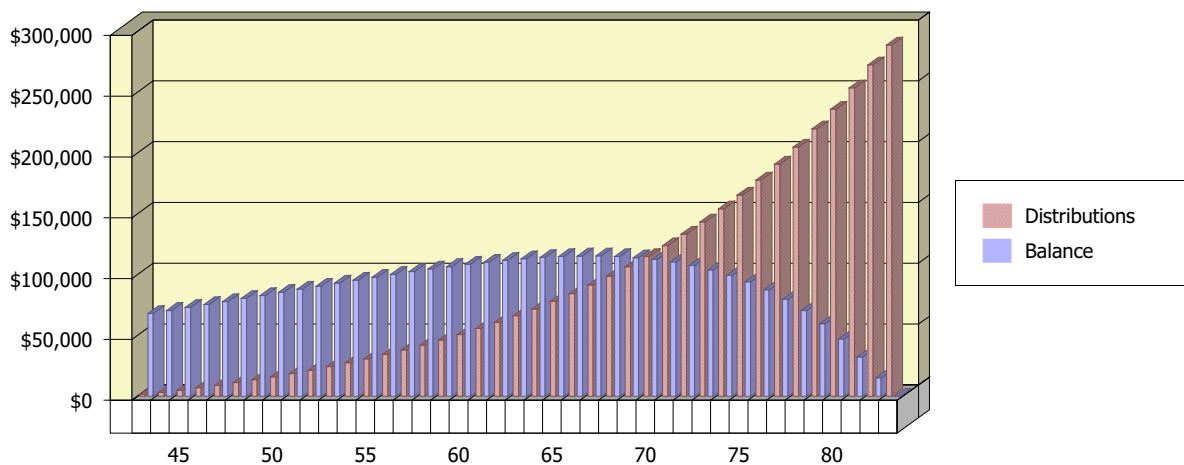
**Cumulative Distributions & Account Balance**



**Distributions For Tom - Allocation of 5.00%**

<u>Account Activity</u>				<u>Account Activity</u>				<u>Account Activity</u>			
		Required	Ending			Required	Ending			Required	Ending
		Life	IRA			Life	IRA			Life	IRA
Age	Exp.	Minimum	Balance	Age	Exp.	Minimum	Balance	Age	Exp.	Minimum	Balance
43	40.7	1,622	68,350	63	20.7	5,408	113,255	83	0.7	16,277	0
44	39.7	1,722	70,729	64	19.7	5,749	114,301	<b>288,974</b>			
45	38.7	1,828	73,145	65	18.7	6,112	115,047				
46	37.7	1,940	75,594	66	17.7	6,500	115,450				
47	36.7	2,060	78,070	67	16.7	6,913	115,464				
48	35.7	2,187	80,567	68	15.7	7,354	115,037				
49	34.7	2,322	83,079	69	14.7	7,826	114,114				
50	33.7	2,465	85,599	70	13.7	8,329	112,631				
51	32.7	2,618	88,117	71	12.7	8,869	110,520				
52	31.7	2,780	90,624	72	11.7	9,446	107,705				
53	30.7	2,952	93,110	73	10.7	10,066	104,102				
54	29.7	3,135	95,562	74	9.7	10,732	99,616				
55	28.7	3,330	97,966	75	8.7	11,450	94,143				
56	27.7	3,537	100,307	76	7.7	12,226	87,565				
57	26.7	3,757	102,568	77	6.7	13,069	79,749				
58	25.7	3,991	104,732	78	5.7	13,991	70,543				
59	24.7	4,240	106,775	79	4.7	15,009	59,767				
60	23.7	4,505	108,676	80	3.7	16,153	47,199				
61	22.7	4,788	110,410	81	2.7	17,481	32,550				
62	21.7	5,088	111,946	82	1.7	19,147	15,356				

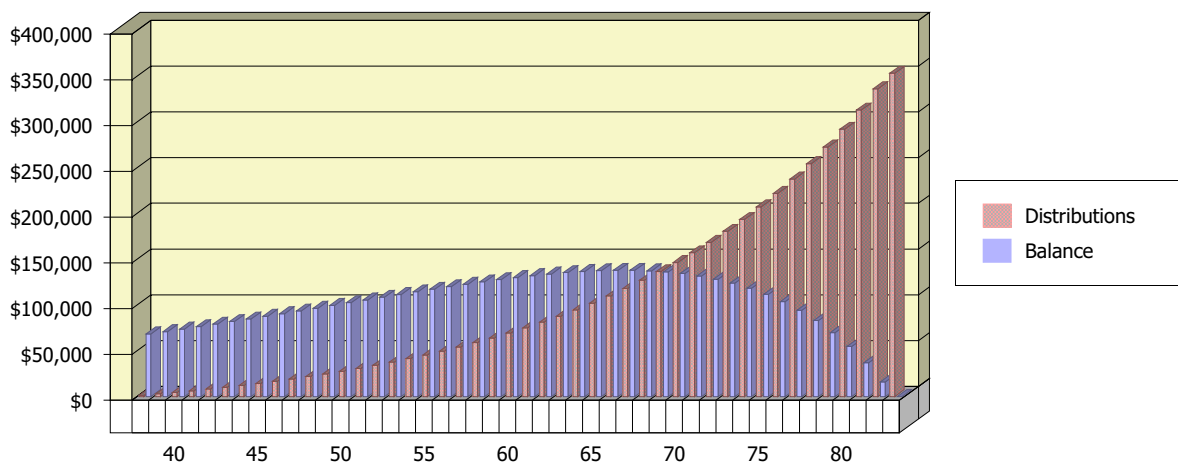
**Cumulative Distributions & Account Balance**



**Distributions For Susan - Allocation of 5.00%**

<u>Account Activity</u>				<u>Account Activity</u>				<u>Account Activity</u>			
		Required	Ending			Required	Ending			Required	Ending
Age	Life	Minimum	IRA	Age	Life	Minimum	IRA	Age	Life	Minimum	IRA
	Exp.	Distribution	Balance		Exp.	Distribution	Balance		Exp.	Distribution	Balance
38	45.6	1,448	68,524	58	25.6	4,799	125,430	78	5.6	16,839	83,116
39	44.6	1,536	71,099	59	24.6	5,099	127,857	79	4.6	18,069	70,034
40	43.6	1,631	73,735	60	23.6	5,418	130,111	80	3.6	19,454	54,782
41	42.6	1,731	76,428	61	22.6	5,757	132,160	81	2.6	21,070	36,999
42	41.6	1,837	79,176	62	21.6	6,119	133,971	82	1.6	23,125	16,095
43	40.6	1,950	81,977	63	20.6	6,503	135,506	83	0.6	17,060	0
44	39.6	2,070	84,825	64	19.6	6,914	136,723			<b>353,420</b>	
45	38.6	2,198	87,717	65	18.6	7,351	137,576				
46	37.6	2,333	90,647	66	17.6	7,817	138,013				
47	36.6	2,477	93,609	67	16.6	8,314	137,980				
48	35.6	2,629	96,596	68	15.6	8,845	137,414				
49	34.6	2,792	99,600	69	14.6	9,412	136,247				
50	33.6	2,964	102,612	70	13.6	10,018	134,404				
51	32.6	3,148	105,621	71	12.6	10,667	131,801				
52	31.6	3,342	108,616	72	11.6	11,362	128,347				
53	30.6	3,550	111,583	73	10.6	12,108	123,939				
54	29.6	3,770	114,509	74	9.6	12,910	118,465				
55	28.6	4,004	117,375	75	8.6	13,775	111,798				
56	27.6	4,253	120,165	76	7.6	14,710	103,796				
57	26.6	4,517	122,858	77	6.6	15,727	94,297				

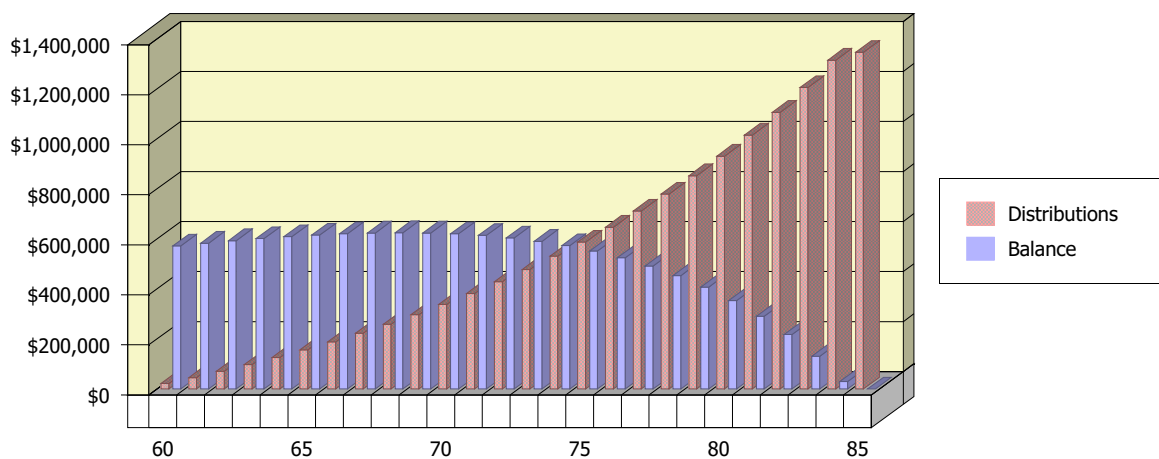
**Cumulative Distributions & Account Balance**



**Distributions For Laura - Allocation of 42.50%**

Age	Account Activity			Ending IRA Balance		Age	Account Activity			Ending IRA Balance
	Interest Earned	Life Exp.	Required Minimum Distribution				Interest Earned	Life Exp.	Required Minimum Distribution	
60	33,666	25.2	22,266	572,495		80	24,464	5.2	78,411	353,792
61	34,350	24.2	23,657	583,188		81	21,228	4.2	84,236	290,783
62	34,991	23.2	25,137	593,042		82	17,447	3.2	90,870	217,360
63	35,583	22.2	26,714	601,911		83	13,042	2.2	98,800	131,602
64	36,115	21.2	28,392	609,633		84	7,896	1.2	109,668	29,830
65	36,578	20.2	30,180	616,031		85	1,790	0.2	31,620	0
66	36,962	19.2	32,085	620,908			<b>785,393</b>		<b>1,346,488</b>	
67	37,254	18.2	34,116	624,047						
68	37,443	17.2	36,282	625,208						
69	37,512	16.2	38,593	624,127						
70	37,448	15.2	41,061	620,514						
71	37,231	14.2	43,698	614,047						
72	36,843	13.2	46,519	604,371						
73	36,262	12.2	49,539	591,094						
74	35,466	11.2	52,776	573,784						
75	34,427	10.2	56,253	551,958						
76	33,117	9.2	59,995	525,080						
77	31,505	8.2	64,034	492,550						
78	29,553	7.2	68,410	453,694						
79	27,222	6.2	73,176	407,739						

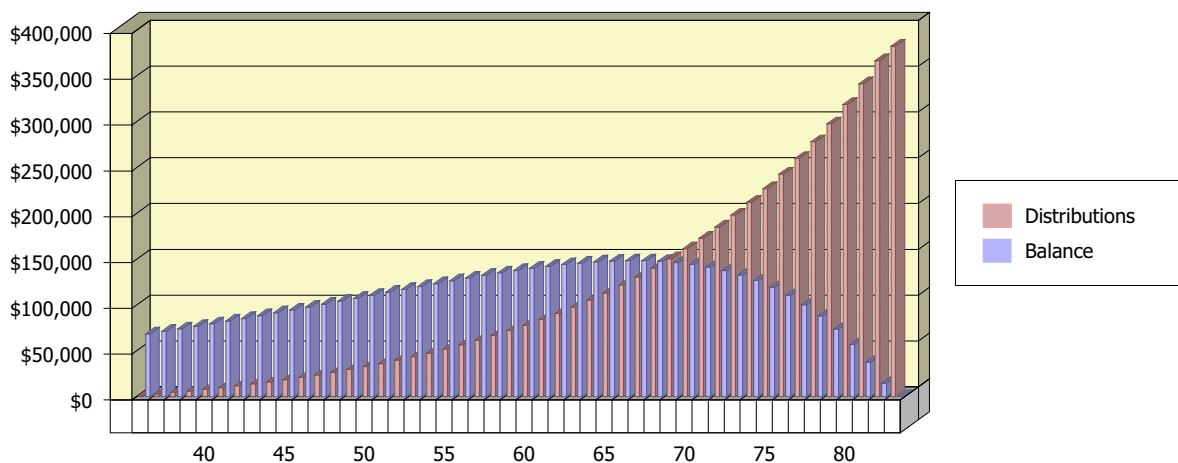
**Cumulative Distributions & Account Balance**



**Distributions For Alex - Allocation of 5.00%**

<u>Account Activity</u>				<u>Account Activity</u>				<u>Account Activity</u>			
		Required	Ending			Required	Ending			Required	Ending
		Life	IRA			Life	IRA			Life	IRA
Age	Exp.	Minimum	Balance	Age	Exp.	Minimum	Balance	Age	Exp.	Minimum	Balance
		Distribution				Distribution				Distribution	
36	47.5	1,390	68,582	56	27.5	4,599	129,460	76	7.5	15,917	110,624
37	46.5	1,475	71,222	57	26.5	4,885	132,342	77	6.5	17,019	100,243
38	45.5	1,565	73,930	58	25.5	5,190	135,092	78	5.5	18,226	88,031
39	44.5	1,661	76,705	59	24.5	5,514	137,684	79	4.5	19,562	73,751
40	43.5	1,763	79,544	60	23.5	5,859	140,086	80	3.5	21,072	57,104
41	42.5	1,872	82,445	61	22.5	6,226	142,265	81	2.5	22,842	37,689
42	41.5	1,987	85,405	62	21.5	6,617	144,184	82	1.5	25,126	14,824
43	40.5	2,109	88,420	63	20.5	7,033	145,802	83	0.5	15,714	0
44	39.5	2,238	91,487	64	19.5	7,477	147,073			<b>382,622</b>	
45	38.5	2,376	94,600	65	18.5	7,950	147,948				
46	37.5	2,523	97,753	66	17.5	8,454	148,370				
47	36.5	2,678	100,940	67	16.5	8,992	148,280				
48	35.5	2,843	104,153	68	15.5	9,566	147,611				
49	34.5	3,019	107,383	69	14.5	10,180	146,287				
50	33.5	3,205	110,621	70	13.5	10,836	144,228				
51	32.5	3,404	113,855	71	12.5	11,538	141,344				
52	31.5	3,614	117,071	72	11.5	12,291	137,534				
53	30.5	3,838	120,257	73	10.5	13,098	132,687				
54	29.5	4,077	123,396	74	9.5	13,967	126,681				
55	28.5	4,330	126,470	75	8.5	14,904	119,379				

**Cumulative Distributions & Account Balance**



# Inherited IRA Analysis

## Phase 1

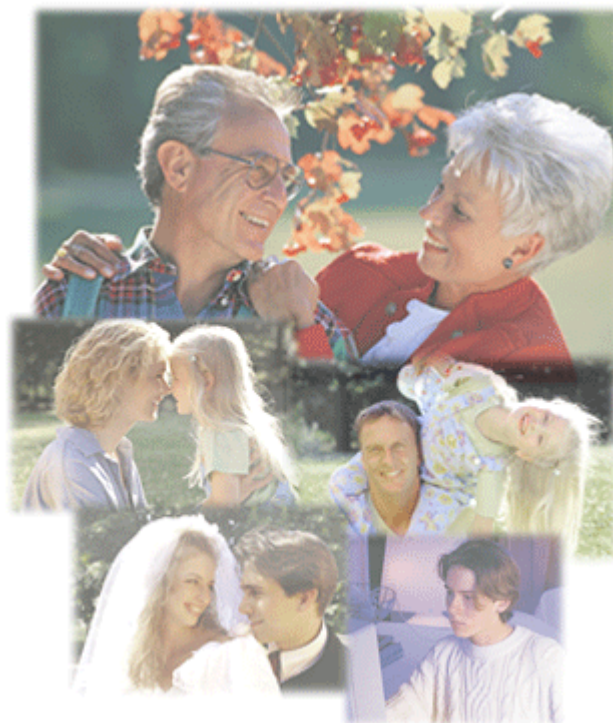
Income to match your lifestyle  
and preserve your wealth

## Phase 2

Continuing income for  
spousal security and  
independence

## Phase 3

A legacy that passes to  
the next generation



Prepared For:

Annita Whelps & Darren Whelps

Prepared By:

Joshua Johnson

## Inherited IRA Analysis

### Analysis - Initial Data, Assumptions & Options

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#### Analysis Info

Stretch IRA Analysis

Analysis Date: 10/19/2012 3:59:09 PM

#### Client Info

Client: Annita Whelps  
 Birth Year: 1946  
 Illustrate To Year: 2030

#### Spouse Info

Spouse: Darren Whelps  
 Birth Year: 1944  
 Illustrate To Year: 2025

#### Account Info (Balance(s) as of 12/31/2012), Add'l Annual Withdrawl

Initial Balance: \$1,100,000.00  
 Assumed Interest Rate: 7.5 %  
 Add'l Annual Withdrawl: \$0.00

#### RMD Methods:

##### Phase 1 - Client Distributions:

IRS Table III - Uniform Lifetime Table based on client's current age.

##### Phase 2 - Spouse Distributions:

IRS Table III - Uniform Lifetime Table based on spouse's current age.

##### Inherited IRA Phase - Beneficiary Distributions:

IRS Table I - Uniform Lifetime Table based on beneficiary's age year after inheritance.

#### Beneficiary Data:

<u>Relationship</u>	<u>Name</u>	<u>Birth Year</u>	<u>Age</u>
Son	Child 1	1975	37
Daughter	Child 2	1976	36
Granddaughter	Granddaughter 1	2006	6
Granddaughter	Granddaughter 2	2008	4
Grandson	Grandson 1	2009	3
Grandson	Grandson 2	2011	1

#### Disclosure:

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This report is intended to show hypothetical proposals that are specific in computations concerning the value of assets today, the value of assets in the future, and the taxes, which may be assessed against the assets listed in this proposal at any given point in time. Values used in these proposals are based on values communicated to the advisor listed by client listed. The rate at which assets may appreciate, life expectancies, and the rates for income and estate taxation rate used is determined by the advisor for purposes of illustration and are hypothetical. The actual values, life expectancies, rates of growth and tax rates may be significantly different from those illustrated. The actual taxes due may be significantly greater or smaller than those illustrated.

This report is one of the many strategies for retirement assets and long term planning. Many of these techniques if appropriate, and if used in conjunction with the techniques explored herein, might reduce taxes below those illustrated by this program.

The software used to produce this report has been designed to assist the financial advisor in educating clients on strategies that may affect their retirement assets. The role of the financial advisor is to help the client meet current and future financial needs. In order to determine the amount of these needs, the financial advisor must gather all pertinent information and must discuss with the client certain planning concepts. All decisions should be coordinated with the client's attorney and tax advisors. If the listed client accepts the proposal from the listed advisor, the client is accepting that the proposal is a hypothetical and should be treated as such.

## Inherited IRA Analysis

### Impact Of Lump Sum vs Inherited IRA

<div>Without Inherited IRA  <b>\$2,176,122.17</b></div>	< >	<div>With Inherited IRA  <b>\$27,496,637.48</b></div>
<b>Lump Sum (Without Inherited IRA)</b>		<b>Inherited IRA Distributions</b>
<div>&gt; Benefits of Tax Deferral Lost &gt; Estate Taxes Due &gt; Income Taxes Due</div>		<div>&gt; Benefits of Tax Deferral Continue &gt; Income Taxes On Distributions Only &gt; Lifetime Income Provided to Children</div>

\*Estimated Distributions Subject To  
Income Tax at the Beneficiary's Tax Rate.  
Taxes may be reduced by a credit for  
Estate Taxes attributable to the Annuity.



## Inherited IRA Analysis

## Summary of IRA Activity: Annita Whelps, Darren Whelps &amp; Beneficiaries

<b>Annita Whelps</b>	
Starting Balance (12/31/2012)	
<b>\$1,100,000.00</b>	
<hr/>	
Projected IRA income	
over the years 2012 to 2030:	
<b>\$1,365,153.26</b>	



<b>Darren Whelps</b>	
Starting Balance (12/31/2030)	
\$2,176,122.17	
<hr/>	
Projected IRA income	
over the years 2012 to 2025:	
\$0.00	



<b>Beneficiaries Inherit IRA Balance of: \$2,176,122.17</b>				
<b>Projected Inherited IRA Income Starting In Year: 2031</b>				
Name	% Share	Starting Balance	Income To Age -- Year	IRA Income
Child 1	25%	\$544,030.54	85 -- 2060	\$2,054,342.33
Child 2	25%	\$544,030.54	85 -- 2061	\$2,149,877.24
Granddaughter 1	13%	\$282,895.88	85 -- 2091	\$5,247,307.49
Granddaughter 2	13%	\$282,895.88	85 -- 2093	\$5,888,782.50
Grandson 1	12%	\$261,134.66	85 -- 2094	\$5,760,156.43
Grandson 2	12%	\$261,134.66	85 -- 2096	\$6,396,171.49
<hr/>				
<b>Totals:</b>	<b>100%</b>	<b>\$2,176,122.17</b>		<b>\$27,496,637.48</b>

**Total Projected Inherited IRA Distributions = \$28,861,790.74**

Distributions for: **Annita Whelps** and **Darren Whelps**Starting Balance: **\$1,100,000.00**Estimated Interest Rate: **7.5%**

--- Age: ---		----- Account Activity: -----			Add'l Annual Withdrawl	Ending IRA Balance
Client	Spouse	Interest Earned	Life Expectancy	Distribution /RMD		
						\$1,100,000.00*
66	68	\$82,500.00		\$0.00	\$0.00	\$1,182,500.00
67	69	\$88,687.50		\$0.00	\$0.00	\$1,271,187.50
68	70	\$95,339.06		\$0.00	\$0.00	\$1,366,526.56
69	71	\$102,489.49		\$0.00	\$0.00	\$1,469,016.05
70***	72	\$110,176.20	27.4**	\$53,613.72	\$0.00	\$1,525,578.53
71	73	\$114,418.39	26.5**	\$57,569.00		\$1,582,427.92
72	74	\$118,682.09	25.6**	\$61,813.59		\$1,639,296.43
73	75	\$122,947.23	24.7**	\$66,368.28		\$1,695,875.38
74	76	\$127,190.65	23.8**	\$71,255.27		\$1,751,810.77
75	77	\$131,385.81	22.9**	\$76,498.29		\$1,806,698.29
76	78	\$135,502.37	22**	\$82,122.65		\$1,860,078.01
77	79	\$139,505.85	21.2**	\$87,739.53		\$1,911,844.33
78	80	\$143,388.32	20.3**	\$94,179.52		\$1,961,053.13
79	81	\$147,078.99	19.5**	\$100,566.83		\$2,007,565.29
80		\$150,567.40	18.7**	\$107,356.43		\$2,050,776.26
81		\$153,808.22	17.9**	\$114,568.51		\$2,090,015.97
82		\$156,751.20	17.1**	\$122,223.16		\$2,124,544.01
83		\$159,340.80	16.3**	\$130,340.12		\$2,153,544.69
84		\$161,515.85	15.5**	\$138,938.37		\$2,176,122.17
		\$2,441,275.43		\$1,365,153.26	\$0.00	

\* Starting balance.

\*\* Values from IRS Uniform Life Table III.

\*\*\* Client turns 70, Required Minimum Distributions (RMD) begin.

Distributions for: **Child 1 (Son)**Allocation: **25% of \$2,176,122.17 = \$544,030.54**Estimated Interest Rate: **7.5%**

Beneficiary's Age	Interest Earned	----- Account Activity: -----		Required Min Distribution	Ending IRA Balance
		Life Expectancy†			
					\$544,030.54*
55**	\$40,802.29	29.6	\$18,379.41		\$566,453.42
56	\$42,484.01	28.6	\$19,806.06		\$589,131.37
57	\$44,184.85	27.6	\$21,345.34		\$611,970.88
58	\$45,897.82	26.6	\$23,006.42		\$634,862.28
59	\$47,614.67	25.6	\$24,799.31		\$657,677.64
60	\$49,325.82	24.6	\$26,734.86		\$680,268.60
61	\$51,020.15	23.6	\$28,824.94		\$702,463.81
62	\$52,684.79	22.6	\$31,082.47		\$724,066.13
63	\$54,304.96	21.6	\$33,521.58		\$744,849.51
64	\$55,863.71	20.6	\$36,157.74		\$764,555.48
65	\$57,341.66	19.6	\$39,007.93		\$782,889.21
66	\$58,716.69	18.6	\$42,090.82		\$799,515.08
67	\$59,963.63	17.6	\$45,426.99		\$814,051.72
68	\$61,053.88	16.6	\$49,039.26		\$826,066.34
69	\$61,954.98	15.6	\$52,952.97		\$835,068.35
70	\$62,630.13	14.6	\$57,196.46		\$840,502.02
71	\$63,037.65	13.6	\$61,801.62		\$841,738.05
72	\$63,130.35	12.6	\$66,804.61		\$838,063.79
73	\$62,854.78	11.6	\$72,246.88		\$828,671.69
74	\$62,150.38	10.6	\$78,176.57		\$812,645.50
75	\$60,948.41	9.6	\$84,650.57		\$788,943.34
76	\$59,170.75	8.6	\$91,737.60		\$756,376.49
77	\$56,728.24	7.6	\$99,523.22		\$713,581.51
78	\$53,518.61	6.6	\$108,118.41		\$658,981.71
79	\$49,423.63	5.6	\$117,675.31		\$590,730.03
80	\$44,304.75	4.6	\$128,419.57		\$506,615.21
81	\$37,996.14	3.6	\$140,726.45		\$403,884.90
82	\$30,291.37	2.6	\$155,340.35		\$278,835.92
83	\$20,912.69	1.6	\$174,272.45		\$125,476.16
84	\$9,410.71	0.6	\$125,476.16		\$0.00
85	\$0.00	.1	\$0.00		\$0.00
	<b>\$1,519,722.50</b>		<b>\$2,054,342.33</b>		

\* Balance remaining from Client/Spouse (\$2,176,122.17) divided by allocation %.

\*\* Annita Whelps (the client) dies. Beneficiary distributions begin.

† Value derived from IRS Publication 590 - Table I for beneficiaries.

Distributions for: **Child 2 (Daughter)**Allocation: **25% of \$2,176,122.17 = \$544,030.54**Estimated Interest Rate: **7.5%**

Beneficiary's Age	Interest Earned	----- Account Activity: -----		Required Min Distribution	Ending IRA Balance
		Life Expectancy†			
					\$544,030.54*
54**	\$40,802.29	30.5	\$17,837.07		\$566,995.76
55	\$42,524.68	29.5	\$19,220.20		\$590,300.24
56	\$44,272.52	28.5	\$20,712.29		\$613,860.47
57	\$46,039.54	27.5	\$22,322.20		\$637,577.81
58	\$47,818.34	26.5	\$24,059.54		\$661,336.61
59	\$49,600.25	25.5	\$25,934.77		\$685,002.09
60	\$51,375.16	24.5	\$27,959.27		\$708,417.98
61	\$53,131.35	23.5	\$30,145.45		\$731,403.88
62	\$54,855.29	22.5	\$32,506.84		\$753,752.33
63	\$56,531.42	21.5	\$35,058.25		\$775,225.50
64	\$58,141.91	20.5	\$37,815.88		\$795,551.53
65	\$59,666.36	19.5	\$40,797.51		\$814,420.38
66	\$61,081.53	18.5	\$44,022.72		\$831,479.19
67	\$62,360.94	17.5	\$47,513.10		\$846,327.03
68	\$63,474.53	16.5	\$51,292.55		\$858,509.01
69	\$64,388.18	15.5	\$55,387.68		\$867,509.51
70	\$65,063.21	14.5	\$59,828.24		\$872,744.48
71	\$65,455.84	13.5	\$64,647.74		\$873,552.58
72	\$65,516.44	12.5	\$69,884.21		\$869,184.81
73	\$65,188.86	11.5	\$75,581.29		\$858,792.38
74	\$64,409.43	10.5	\$81,789.75		\$841,412.06
75	\$63,105.90	9.5	\$88,569.69		\$815,948.27
76	\$61,196.12	8.5	\$95,993.91		\$781,150.48
77	\$58,586.29	7.5	\$104,153.40		\$735,583.37
78	\$55,168.75	6.5	\$113,166.67		\$677,585.45
79	\$50,818.91	5.5	\$123,197.35		\$605,207.01
80	\$45,390.53	4.5	\$134,490.45		\$516,107.09
81	\$38,708.03	3.5	\$147,459.17		\$407,355.95
82	\$30,551.70	2.5	\$162,942.38		\$274,965.27
83	\$20,622.40	1.5	\$183,310.18		\$112,277.49
84	\$8,420.81	0.5	\$112,277.49		\$0.00
85	\$0.00	.1	\$0.00		\$0.00
	<b>\$1,614,267.49</b>		<b>\$2,149,877.24</b>		

\* Balance remaining from Client/Spouse (\$2,176,122.17) divided by allocation %.

\*\* Annita Whelps (the client) dies. Beneficiary distributions begin.

† Value derived from IRS Publication 590 - Table I for beneficiaries.

Distributions for: **Granddaughter 1 (Granddaughter)**Allocation: **13% of \$2,176,122.17 = \$282,895.88**Estimated Interest Rate: **7.5%**

Beneficiary's Age	Interest Earned	----- Account Activity: ----- Life Expectancy†	Required Min Distribution	Ending IRA Balance
				\$282,895.88*
24**	\$21,217.19	59.1	\$4,786.73	\$299,326.34
25	\$22,449.48	58.1	\$5,151.92	\$316,623.90
26	\$23,746.79	57.1	\$5,545.08	\$334,825.61
27	\$25,111.92	56.1	\$5,968.37	\$353,969.16
28	\$26,547.69	55.1	\$6,424.12	\$374,092.73
29	\$28,056.95	54.1	\$6,914.84	\$395,234.84
30	\$29,642.61	53.1	\$7,443.22	\$417,434.23
31	\$31,307.57	52.1	\$8,012.17	\$440,729.63
32	\$33,054.72	51.1	\$8,624.85	\$465,159.50
33	\$34,886.96	50.1	\$9,284.62	\$490,761.84
34	\$36,807.14	49.1	\$9,995.15	\$517,573.83
35	\$38,818.04	48.1	\$10,760.37	\$545,631.50
36	\$40,922.36	47.1	\$11,584.53	\$574,969.33
37	\$43,122.70	46.1	\$12,472.22	\$605,619.81
38	\$45,421.49	45.1	\$13,428.38	\$637,612.92
39	\$47,820.97	44.1	\$14,458.34	\$670,975.55
40	\$50,323.17	43.1	\$15,567.88	\$705,730.84
41	\$52,929.81	42.1	\$16,763.20	\$741,897.45
42	\$55,642.31	41.1	\$18,051.03	\$779,488.73
43	\$58,461.65	40.1	\$19,438.62	\$818,511.76
44	\$61,388.38	39.1	\$20,933.80	\$858,966.34
45	\$64,422.48	38.1	\$22,545.05	\$900,843.77
46	\$67,563.28	37.1	\$24,281.50	\$944,125.55
47	\$70,809.42	36.1	\$26,153.06	\$988,781.91
48	\$74,158.64	35.1	\$28,170.42	\$1,034,770.13
49	\$77,607.76	34.1	\$30,345.17	\$1,082,032.72
50	\$81,152.45	33.1	\$32,689.81	\$1,130,495.36
51	\$84,787.15	32.1	\$35,217.92	\$1,180,064.59
52	\$88,504.84	31.1	\$37,944.20	\$1,230,625.23
53	\$92,296.89	30.1	\$40,884.56	\$1,282,037.56
54	\$96,152.82	29.1	\$44,056.27	\$1,334,134.11
55	\$100,060.06	28.1	\$47,478.08	\$1,386,716.09
56	\$104,003.71	27.1	\$51,170.34	\$1,439,549.46
57	\$107,966.21	26.1	\$55,155.15	\$1,492,360.52
58	\$111,927.04	25.1	\$59,456.59	\$1,544,830.97
59	\$115,862.32	24.1	\$64,100.87	\$1,596,592.42
60	\$119,744.43	23.1	\$69,116.55	\$1,647,220.30
61	\$123,541.52	22.1	\$74,534.86	\$1,696,226.96
62	\$127,217.02	21.1	\$80,389.90	\$1,743,054.08
63	\$130,729.06	20.1	\$86,719.11	\$1,787,064.03
64	\$134,029.80	19.1	\$93,563.56	\$1,827,530.27
65	\$137,064.77	18.1	\$100,968.52	\$1,863,626.52
66	\$139,771.99	17.1	\$108,984.01	\$1,894,414.50
67	\$142,081.09	16.1	\$117,665.50	\$1,918,830.09
68	\$143,912.26	15.1	\$127,074.84	\$1,935,667.51
69	\$145,175.06	14.1	\$137,281.38	\$1,943,561.19
70	\$145,767.09	13.1	\$148,363.45	\$1,940,964.83
71	\$145,572.36	12.1	\$160,410.32	\$1,926,126.87
72	\$144,459.52	11.1	\$173,524.94	\$1,897,061.45
73	\$142,279.61	10.1	\$187,827.87	\$1,851,513.19
74	\$138,863.49	9.1	\$203,462.99	\$1,786,913.69
75	\$134,018.53	8.1	\$220,606.63	\$1,700,325.59
76	\$127,524.42	7.1	\$239,482.48	\$1,588,367.53
77	\$119,127.56	6.1	\$260,388.12	\$1,447,106.97
78	\$108,533.02	5.1	\$283,746.46	\$1,271,893.53
79	\$95,392.01	4.1	\$310,217.93	\$1,057,067.61
80	\$79,280.07	3.1	\$340,989.55	\$795,358.13
81	\$59,651.86	2.1	\$378,741.97	\$476,268.02
82	\$35,720.10	1.1	\$432,970.93	\$79,017.19
83	\$5,926.29	0.1	\$79,017.19	\$0.00
84	\$0.00	.1	\$0.00	\$0.00
85	\$0.00	.1	\$0.00	\$0.00
	<b>\$4,970,337.91</b>		<b>\$5,247,307.49</b>	

\* Balance remaining from Client/Spouse (\$2,176,122.17) divided by allocation %.

\*\* Annita Whelps (the client) dies. Beneficiary distributions begin.

Distributions for: **Granddaughter 2 (Granddaughter)**Allocation: **13% of \$2,176,122.17 = \$282,895.88**Estimated Interest Rate: **7.5%**

Beneficiary's Age	Interest Earned	----- Account Activity: -----		Required Min Distribution	Ending IRA Balance
		Life Expectancy†			
					\$282,895.88*
22**	\$21,217.19	61.1	\$4,630.05		\$299,483.02
23	\$22,461.23	60.1	\$4,983.08		\$316,961.17
24	\$23,772.09	59.1	\$5,363.13		\$335,370.13
25	\$25,152.76	58.1	\$5,772.29		\$354,750.60
26	\$26,606.30	57.1	\$6,212.80		\$375,144.10
27	\$28,135.81	56.1	\$6,687.06		\$396,592.85
28	\$29,744.46	55.1	\$7,197.69		\$419,139.62
29	\$31,435.47	54.1	\$7,747.50		\$442,827.59
30	\$33,212.07	53.1	\$8,339.50		\$467,700.16
31	\$35,077.51	52.1	\$8,976.97		\$493,800.70
32	\$37,035.05	51.1	\$9,663.42		\$521,172.33
33	\$39,087.92	50.1	\$10,402.64		\$549,857.61
34	\$41,239.32	49.1	\$11,198.73		\$579,898.20
35	\$43,492.37	48.1	\$12,056.10		\$611,334.47
36	\$45,850.09	47.1	\$12,979.50		\$644,205.06
37	\$48,315.38	46.1	\$13,974.08		\$678,546.36
38	\$50,890.98	45.1	\$15,045.37		\$714,391.97
39	\$53,579.40	44.1	\$16,199.36		\$751,772.01
40	\$56,382.90	43.1	\$17,442.51		\$790,712.40
41	\$59,303.43	42.1	\$18,781.77		\$831,234.06
42	\$62,342.55	41.1	\$20,224.67		\$873,351.94
43	\$65,501.40	40.1	\$21,779.35		\$917,073.99
44	\$68,780.55	39.1	\$23,454.58		\$962,399.96
45	\$72,180.00	38.1	\$25,259.84		\$1,009,320.12
46	\$75,699.01	37.1	\$27,205.39		\$1,057,813.74
47	\$79,336.03	36.1	\$29,302.32		\$1,107,847.45
48	\$83,088.56	35.1	\$31,562.61		\$1,159,373.40
49	\$86,953.01	34.1	\$33,999.22		\$1,212,327.19
50	\$90,924.54	33.1	\$36,626.20		\$1,266,625.53
51	\$94,996.91	32.1	\$39,458.74		\$1,322,163.70
52	\$99,162.28	31.1	\$42,513.30		\$1,378,812.68
53	\$103,410.95	30.1	\$45,807.73		\$1,436,415.90
54	\$107,731.19	29.1	\$49,361.37		\$1,494,785.72
55	\$112,108.93	28.1	\$53,195.22		\$1,553,699.43
56	\$116,527.46	27.1	\$57,332.08		\$1,612,894.81
57	\$120,967.11	26.1	\$61,796.74		\$1,672,065.18
58	\$125,404.89	25.1	\$66,616.14		\$1,730,853.93
59	\$129,814.04	24.1	\$71,819.67		\$1,788,848.30
60	\$134,163.62	23.1	\$77,439.32		\$1,845,572.60
61	\$138,417.95	22.1	\$83,510.07		\$1,900,480.48
62	\$142,536.04	21.1	\$90,070.16		\$1,952,946.36
63	\$146,470.98	20.1	\$97,161.51		\$2,002,255.83
64	\$150,169.19	19.1	\$104,830.15		\$2,047,594.87
65	\$153,569.62	18.1	\$113,126.79		\$2,088,037.70
66	\$156,602.83	17.1	\$122,107.47		\$2,122,533.06
67	\$159,189.98	16.1	\$131,834.35		\$2,149,888.69
68	\$161,241.65	15.1	\$142,376.73		\$2,168,753.61
69	\$162,656.52	14.1	\$153,812.31		\$2,177,597.82
70	\$163,319.84	13.1	\$166,228.84		\$2,174,688.82
71	\$163,101.66	12.1	\$179,726.35		\$2,158,064.13
72	\$161,854.81	11.1	\$194,420.19		\$2,125,498.75
73	\$159,412.41	10.1	\$210,445.42		\$2,074,465.74
74	\$155,584.93	9.1	\$227,963.27		\$2,002,087.40
75	\$150,156.56	8.1	\$247,171.28		\$1,905,072.68
76	\$142,880.45	7.1	\$268,320.10		\$1,779,633.03
77	\$133,472.48	6.1	\$291,743.12		\$1,621,362.39
78	\$121,602.18	5.1	\$317,914.19		\$1,425,050.38
79	\$106,878.78	4.1	\$347,573.26		\$1,184,355.90
80	\$88,826.69	3.1	\$382,050.29		\$891,132.30
81	\$66,834.92	2.1	\$424,348.71		\$533,618.51
82	\$40,021.39	1.1	\$485,107.74		\$88,532.16
83	\$6,639.91	0.1	\$88,532.16		\$0.00
84	\$0.00	.1	\$0.00		\$0.00
85	\$0.00	.1	\$0.00		\$0.00
	<b>\$5,612,526.49</b>		<b>\$5,888,782.50</b>		

\* Balance remaining from Client/Spouse (\$2 176 122 17) divided by allocation %

Distributions for: **Grandson 1 (Grandson)**Allocation: **12% of \$2,176,122.17 = \$261,134.66**Estimated Interest Rate: **7.5%**

Beneficiary's Age	Interest Earned	----- Account Activity: -----		Required Min Distribution	Ending IRA Balance
		Life Expectancy†			
					\$261,134.66*
21**	\$19,585.10	62.1	\$4,205.07		\$276,514.69
22	\$20,738.60	61.1	\$4,525.61		\$292,727.68
23	\$21,954.58	60.1	\$4,870.68		\$309,811.58
24	\$23,235.87	59.1	\$5,242.16		\$327,805.29
25	\$24,585.40	58.1	\$5,642.09		\$346,748.60
26	\$26,006.15	57.1	\$6,072.65		\$366,682.10
27	\$27,501.16	56.1	\$6,536.22		\$387,647.04
28	\$29,073.53	55.1	\$7,035.34		\$409,685.23
29	\$30,726.39	54.1	\$7,572.74		\$432,838.88
30	\$32,462.92	53.1	\$8,151.39		\$457,150.41
31	\$34,286.28	52.1	\$8,774.48		\$482,662.21
32	\$36,199.67	51.1	\$9,445.44		\$509,416.44
33	\$38,206.23	50.1	\$10,167.99		\$537,454.68
34	\$40,309.10	49.1	\$10,946.12		\$566,817.66
35	\$42,511.32	48.1	\$11,784.15		\$597,544.83
36	\$44,815.86	47.1	\$12,686.73		\$629,673.96
37	\$47,225.55	46.1	\$13,658.87		\$663,240.64
38	\$49,743.05	45.1	\$14,706.00		\$698,277.69
39	\$52,370.83	44.1	\$15,833.96		\$734,814.56
40	\$55,111.09	43.1	\$17,049.06		\$772,876.59
41	\$57,965.74	42.1	\$18,358.11		\$812,484.22
42	\$60,936.32	41.1	\$19,768.47		\$853,652.07
43	\$64,023.91	40.1	\$21,288.08		\$896,387.90
44	\$67,229.09	39.1	\$22,925.52		\$940,691.47
45	\$70,551.86	38.1	\$24,690.06		\$986,553.27
46	\$73,991.50	37.1	\$26,591.73		\$1,033,953.04
47	\$77,546.48	36.1	\$28,641.36		\$1,082,858.16
48	\$81,214.36	35.1	\$30,850.66		\$1,133,221.86
49	\$84,991.64	34.1	\$33,232.31		\$1,184,981.19
50	\$88,873.59	33.1	\$35,800.04		\$1,238,054.74
51	\$92,854.11	32.1	\$38,568.68		\$1,292,340.17
52	\$96,925.51	31.1	\$41,554.35		\$1,347,711.33
53	\$101,078.35	30.1	\$44,774.46		\$1,404,015.22
54	\$105,301.14	29.1	\$48,247.95		\$1,461,068.41
55	\$109,580.13	28.1	\$51,995.32		\$1,518,653.22
56	\$113,898.99	27.1	\$56,038.86		\$1,576,513.35
57	\$118,238.50	26.1	\$60,402.81		\$1,634,349.04
58	\$122,576.18	25.1	\$65,113.51		\$1,691,811.71
59	\$126,885.88	24.1	\$70,199.66		\$1,748,497.93
60	\$131,137.34	23.1	\$75,692.55		\$1,803,942.72
61	\$135,295.70	22.1	\$81,626.37		\$1,857,612.05
62	\$139,320.90	21.1	\$88,038.49		\$1,908,894.46
63	\$143,167.08	20.1	\$94,969.87		\$1,957,091.67
64	\$146,781.88	19.1	\$102,465.53		\$2,001,408.02
65	\$150,105.60	18.1	\$110,575.03		\$2,040,938.59
66	\$153,070.39	17.1	\$119,353.13		\$2,074,655.85
67	\$155,599.19	16.1	\$128,860.61		\$2,101,394.43
68	\$157,604.58	15.1	\$139,165.19		\$2,119,833.82
69	\$158,987.54	14.1	\$150,342.82		\$2,128,478.54
70	\$159,635.89	13.1	\$162,479.28		\$2,125,635.15
71	\$159,422.64	12.1	\$175,672.33		\$2,109,385.46
72	\$158,203.91	11.1	\$190,034.73		\$2,077,554.64
73	\$155,816.60	10.1	\$205,698.48		\$2,027,672.76
74	\$152,075.46	9.1	\$222,821.18		\$1,956,927.04
75	\$146,769.53	8.1	\$241,595.93		\$1,862,100.64
76	\$139,657.55	7.1	\$262,267.70		\$1,739,490.49
77	\$130,461.79	6.1	\$285,162.38		\$1,584,789.90
78	\$118,859.24	5.1	\$310,743.12		\$1,392,906.02
79	\$104,467.95	4.1	\$339,733.18		\$1,157,640.79
80	\$86,823.06	3.1	\$373,432.51		\$871,031.34
81	\$65,327.35	2.1	\$414,776.83		\$521,581.86
82	\$39,118.64	1.1	\$474,165.33		\$86,535.17
83	\$6,490.14	0.1	\$86,535.17		\$0.00
84	\$0.00	.1	\$0.00		\$0.00
85	\$0.00	.1	\$0.00		\$0.00
	<b>\$5,505,511.88</b>		<b>\$5,760,156.43</b>		

Distributions for: **Grandson 2 (Grandson)**Allocation: **12% of \$2,176,122.17 = \$261,134.66**Estimated Interest Rate: **7.5%**

Beneficiary's Age	Interest Earned	----- Account Activity: -----		Required Min Distribution	Ending IRA Balance
		Life Expectancy†			
					\$261,134.66*
19**	\$19,585.10	64	\$4,080.23		\$276,639.53
20	\$20,747.96	63	\$4,391.10		\$292,996.39
21	\$21,974.73	62	\$4,725.75		\$310,245.37
22	\$23,268.40	61	\$5,085.99		\$328,427.78
23	\$24,632.08	60	\$5,473.80		\$347,586.06
24	\$26,068.95	59	\$5,891.29		\$367,763.72
25	\$27,582.28	58	\$6,340.75		\$389,005.25
26	\$29,175.39	57	\$6,824.65		\$411,355.99
27	\$30,851.70	56	\$7,345.64		\$434,862.05
28	\$32,614.65	55	\$7,906.58		\$459,570.12
29	\$34,467.76	54	\$8,510.56		\$485,527.32
30	\$36,414.55	53	\$9,160.89		\$512,780.98
31	\$38,458.57	52	\$9,861.17		\$541,378.38
32	\$40,603.38	51	\$10,615.26		\$571,366.50
33	\$42,852.49	50	\$11,427.33		\$602,791.66
34	\$45,209.37	49	\$12,301.87		\$635,699.16
35	\$47,677.44	48	\$13,243.73		\$670,132.87
36	\$50,259.97	47	\$14,258.15		\$706,134.69
37	\$52,960.10	46	\$15,350.75		\$743,744.04
38	\$55,780.80	45	\$16,527.65		\$782,997.19
39	\$58,724.79	44	\$17,795.39		\$823,926.59
40	\$61,794.49	43	\$19,161.08		\$866,560.00
41	\$64,992.00	42	\$20,632.38		\$910,919.62
42	\$68,318.97	41	\$22,217.55		\$957,021.04
43	\$71,776.58	40	\$23,925.53		\$1,004,872.09
44	\$75,365.41	39	\$25,765.95		\$1,054,471.55
45	\$79,085.37	38	\$27,749.25		\$1,105,807.67
46	\$82,935.58	37	\$29,886.69		\$1,158,856.56
47	\$86,914.24	36	\$32,190.46		\$1,213,580.34
48	\$91,018.53	35	\$34,673.72		\$1,269,925.15
49	\$95,244.39	34	\$37,350.74		\$1,327,818.80
50	\$99,586.41	33	\$40,236.93		\$1,387,168.28
51	\$104,037.62	32	\$43,349.01		\$1,447,856.89
52	\$108,589.27	31	\$46,705.06		\$1,509,741.10
53	\$113,230.58	30	\$50,324.70		\$1,572,646.98
54	\$117,948.52	29	\$54,229.21		\$1,636,366.29
55	\$122,727.47	28	\$58,441.65		\$1,700,652.11
56	\$127,548.91	27	\$62,987.12		\$1,765,213.90
57	\$132,391.04	26	\$67,892.84		\$1,829,712.10
58	\$137,228.41	25	\$73,188.48		\$1,893,752.03
59	\$142,031.40	24	\$78,906.33		\$1,956,877.10
60	\$146,765.78	23	\$85,081.61		\$2,018,561.27
61	\$151,392.10	22	\$91,752.79		\$2,078,200.58
62	\$155,865.04	21	\$98,961.93		\$2,135,103.69
63	\$160,132.78	20	\$106,755.18		\$2,188,481.29
64	\$164,136.10	19	\$115,183.23		\$2,237,434.16
65	\$167,807.56	18	\$124,301.90		\$2,280,939.82
66	\$171,070.49	17	\$134,172.93		\$2,317,837.38
67	\$173,837.80	16	\$144,864.84		\$2,346,810.34
68	\$176,010.78	15	\$156,454.02		\$2,366,367.10
69	\$177,477.53	14	\$169,026.22		\$2,374,818.41
70	\$178,111.38	13	\$182,678.34		\$2,370,251.45
71	\$177,768.86	12	\$197,520.95		\$2,350,499.36
72	\$176,287.45	11	\$213,681.76		\$2,313,105.05
73	\$173,482.88	10	\$231,310.51		\$2,255,277.42
74	\$169,145.81	9	\$250,586.38		\$2,173,836.85
75	\$163,037.76	8	\$271,729.61		\$2,065,145.00
76	\$154,885.88	7	\$295,020.71		\$1,925,010.17
77	\$144,375.76	6	\$320,835.03		\$1,748,550.90
78	\$131,141.32	5	\$349,710.18		\$1,529,982.04
79	\$114,748.65	4	\$382,495.51		\$1,262,235.18
80	\$94,667.64	3	\$420,745.06		\$936,157.76
81	\$70,211.83	2	\$468,078.88		\$538,290.71
82	\$40,371.80	1	\$538,290.71		\$0.00
83	\$0.00	.1	\$0.00		\$0.00
84	\$0.00	.1	\$0.00		\$0.00
85	\$0.00	.1	\$0.00		\$0.00
\$6,175,408.64			\$6,396,171.49		





# Your Financial Legacy

*An Illustration to Help You  
Preserve Your Wealth for Future Generations*

*Prepared for:*

**Patsy Oldman**

*and*

**Larry Oldman**

*Prepared by:*

**Michael J. Prestwich**

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## **Disclosure Page**

### **Important - Please Read**

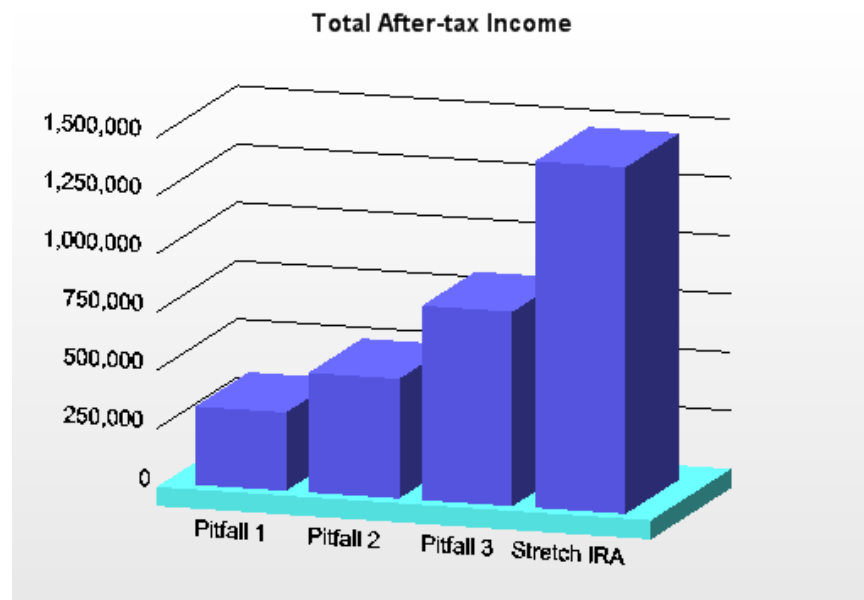
This analysis compares different options available to you. It provides only a broad, general and non-exhaustive guideline which may be helpful in shaping your thinking about your retirement planning. Nothing contained herein should be considered as a recommendation of any specific option, unless otherwise stated. The report and graphs are dependent upon the quality and accuracy of data furnished by you.

Any changes in, or inaccuracy of, the information you have provided to us may affect the information presented in this financial analysis. Calculations illustrating income tax concepts and deductions are estimates only and should not be relied upon in filing income tax returns or in making tax-related decisions. Tax laws, including tax rates, are amended from time to time and such amendments may affect the options and information presented in this illustration. Assumed asset growth rates and hypothetical investment returns are used at various places in this financial analysis. All assumed growth rates and investment returns are for illustration purposes only and are not intended to represent the actual future performance or growth of any specific investment or asset. All illustrations demonstrating investment growth assume a constant annual growth rate whereas actual rates may vary. All illustrations assume reinvestment of all earnings, but do not consider the effect of taxes or investment fees and expenses unless otherwise noted. Past performance is not indicative of future results and nothing contained herein should be construed as a guarantee of a particular result. This material is for estimating purposes only and must be monitored periodically.

## Will You Leave Your Family a Legacy or a Tax Bill?

Your IRA's chief strength is the power of tax deferral. However, tax deferral can become a huge tax liability if your beneficiaries take a distribution after your death that causes the entire balance of your IRA to be taxed. Your beneficiaries may suffer adverse tax consequences if your IRA has an inflexible custodial agreement or if your beneficiaries do not follow the advice of an expert financial advisor who knows *exactly* what to do -- and what not to do -- with your IRA assets after you die. What follows illustrates a few examples of the many pitfalls into which your beneficiaries may fall without proper planning:

	Pitfall 1	Pitfall 2	Pitfall 3	Multi-Generation
Total Distributions to Spouse	\$494,673	\$251,206	\$251,206	\$251,206
Total Distributions to Next Generation Beneficiaries	\$0	\$433,673	\$860,069	\$1,730,372
Total Federal Income Taxes Paid	\$158,696	\$171,750	\$277,819	\$495,395
<b>Total After-tax Income</b>	<b>\$335,976</b>	<b>\$513,129</b>	<b>\$833,457</b>	<b>\$1,486,184</b>



Pitfall 1: Spouse takes lump sum distribution

Pitfall 2: Spouse takes RMD; Next generation beneficiaries take lump sum distribution

Pitfall 3: Spouse takes RMD; Next generation beneficiaries forced to take distributions based on the life expectancy of the oldest beneficiary

## Benjamin Franklin's Financial Legacy



In 1790 Benjamin Franklin left \$4,000 jointly to the city of Philadelphia and the state of Pennsylvania. He left instructions that the money should be conservatively invested, but not withdrawn, until 200 years after his death.

In 1990 this fund had grown to \$1,500,000. The Pennsylvania State Legislature distributed the assets of the fund to several charitable foundations, including a scholarship fund for the students of Penn College. Because of his remarkable foresight and planning, Benjamin Franklin continues to benefit thousands of lives even though he has been dead for more than 200 years.

Franklin understood the interrelationship between time, money, and compound interest. His lump sum investment of a mere \$4,000 earned a modest 3.00% percent return, yet his money increased to \$1,500,000 -- 375 times the original value. Franklin knew that *time* would be the key element in maximizing the return on his investment, which is why he insisted that the money be allowed to accumulate for 200 years.

### *Purpose of this Illustration*

The purpose of this illustration is to help you understand how to legally maximize the time your assets remain invested. The longer your account remains intact the more income it may produce. This illustration demonstrates that it is hypothetically possible to "stretch" your assets over 82 years and to produce income across several generations . **Based on the assumptions in this report, it is possible for the \$500,000 assets in your account to generate approximately \$2,086,798 in future income to you and your beneficiaries.** The maximum benefits of the "Multi-Generation Concept" distribution strategy are best realized by those who do not need the assets illustrated as their primary source of retirement income.

## Assumptions for this Illustration

### Current Value of IRA

**\$500,000**

#### Owner:

#### **Patsy Oldman**

Date of Birth: January 1, 1940  
Age on December 31, 2012: 72  
Assumed Age at Death: 77  
Hypothetical Annual Rate of Return 4.00%

#### Primary Beneficiary:

#### **Larry Oldman (Spouse)**

Date of Birth: June 24, 1942  
Age on December 31, 2012: 70  
Age at Patsy's Death: 75  
Assumed Age at Death: 85  
Inherits this Percentage: 100%  
Hypothetical Annual Rate of Return 4.00%

### Next Generation Beneficiaries:

#### **John Wilson**

Date of Birth: August 27, 1974  
Age at Larry's Death: 53  
Inherits this Percentage: 10%  
Hypothetical Annual Rate of Return 4.00%

#### **Kimberly Wilson**

Date of Birth: February 22, 1978  
Age at Larry's Death: 49  
Inherits this Percentage: 10%  
Hypothetical Annual Rate of Return 4.00%

#### **Ford Wilson**

Date of Birth: January 1, 2002  
Age at Larry's Death: 25  
Inherits this Percentage: 10%  
Hypothetical Annual Rate of Return 4.00%

#### **Chevy Wilson**

Date of Birth: January 1, 2003  
Age at Larry's Death: 24  
Inherits this Percentage: 10%  
Hypothetical Annual Rate of Return 4.00%

#### **Miley Wilson**

Date of Birth: March 14, 2004  
Age at Larry's Death: 23  
Inherits this Percentage: 10%  
Hypothetical Annual Rate of Return 4.00%

#### **Dodge Wilson**

Date of Birth: January 1, 2005  
Age at Larry's Death: 22  
Inherits this Percentage: 10%  
Hypothetical Annual Rate of Return 4.00%

#### **Mazda Wilson**

Date of Birth: January 1, 2006  
Age at Larry's Death: 21  
Inherits this Percentage: 10%  
Hypothetical Annual Rate of Return 4.00%

#### **Carney Wilson**

Date of Birth: January 1, 2007  
Age at Larry's Death: 20  
Inherits this Percentage: 10%  
Hypothetical Annual Rate of Return 4.00%

#### **Patsy Wilson**

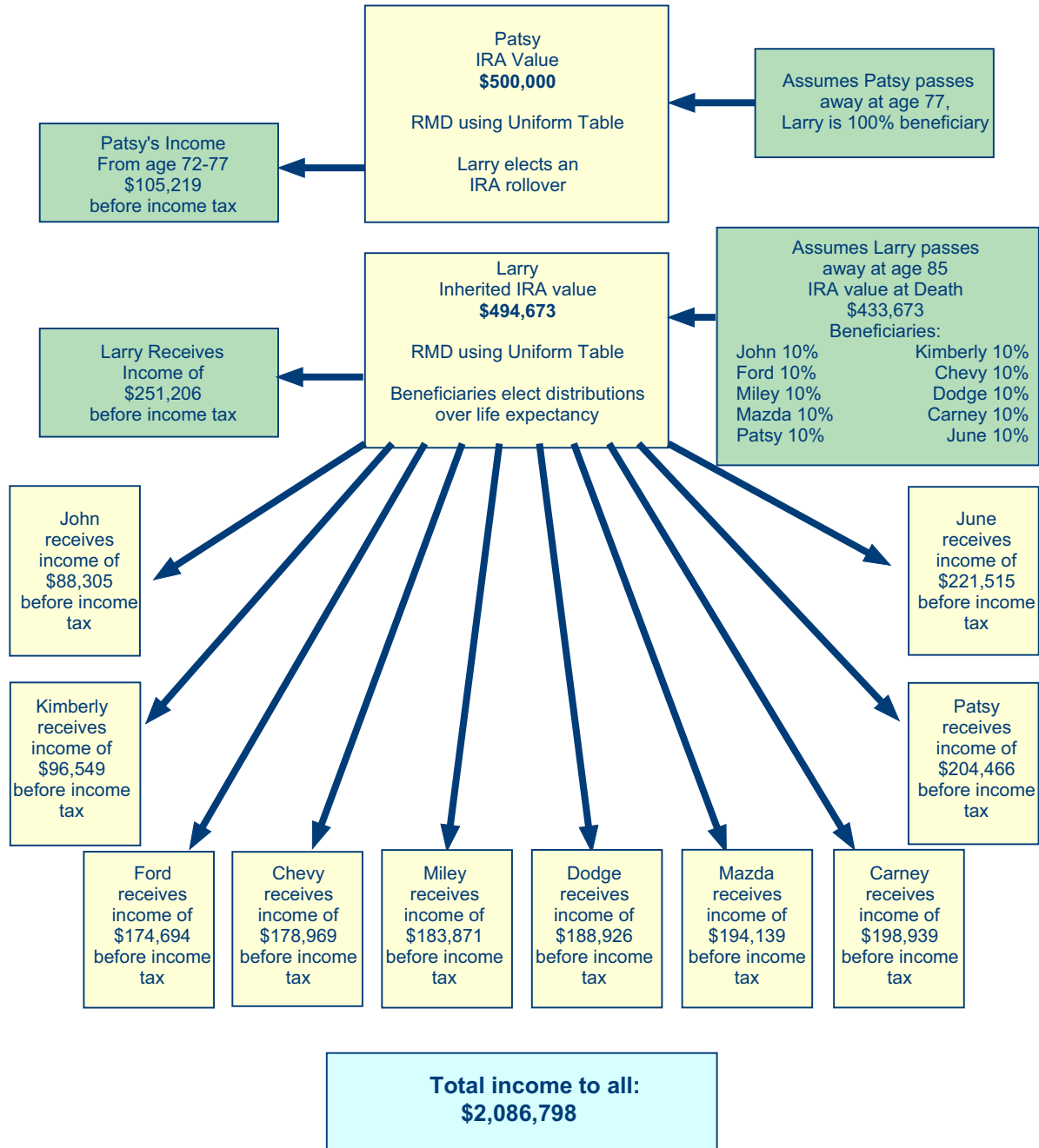
Date of Birth: January 1, 2008  
Age at Larry's Death: 19  
Inherits this Percentage: 10%  
Hypothetical Annual Rate of Return 4.00%

#### **June Wilson**

Date of Birth: January 1, 2011  
Age at Larry's Death: 16  
Inherits this Percentage: 10%  
Hypothetical Annual Rate of Return 4.00%

Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the illustrated values would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Multi-Generation Concept is a Fixed Indexed Annuity.

## Multi-Generation Concept Overview



Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the illustrated values would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Multi-Generation Concept is a Fixed Indexed Annuity.

**Patsy Oldman***Beginning Account Balance December 31, 2011**\$500,000*

		(1)	(2)	(3)			
End of	Spouse	Life	Interest	Required	Elective	Account	
Year	Age	Age Expectancy	Deposits Earnings	Minimum Distributions	Withdrawals	Balance	
2012	72	70	25.6	0	20,000	19,531	0
2013	73	71	24.7	0	20,019	20,262	0
2014	74	72	23.8	0	20,009	21,018	0
2015	75	73	22.9	0	19,969	21,800	0
2016	76	74	22.0	0	19,895	22,608	0

At Patsy's death Larry completes an IRA rollover. Total distributions during Patsy's lifetime are \$105,219.

(1) Patsy takes distributions at age 70 and calculated life expectancy using the Uniform Lifetime Table. Larry is named beneficiary.

(2) Reflects assumed hypothetical annual rate of return of 4.00%.

(3) Distributions are based on the prior year's December 31 value. The initial distribution in this example is using the value of \$500,000 as of December 31, 2011.

**Larry Oldman***Inherited Account Balance**\$494,673*

		(1)	(2)	(3)			
End of	Spouse	Life	Interest	Required	Elective	Account	
Year	Age	Age Expectancy	Earnings	Minimum Distributions	Withdrawals	Balance	
2017	75	22.9	19,787	21,601	0	492,858	
2018	76	22.0	19,714	22,403	0	490,170	
2019	77	21.2	19,607	23,121	0	486,655	
2020	78	20.3	19,466	23,973	0	482,148	
2021	79	19.5	19,286	24,726	0	476,709	
2022	80	18.7	19,068	25,492	0	470,285	
2023	81	17.9	18,811	26,273	0	462,823	
2024	82	17.1	18,513	27,066	0	454,270	
2025	83	16.3	18,171	27,869	0	444,572	
2026	84	15.5	17,783	28,682	0	433,673	

Total distributions during Larry's lifetime are \$251,206. At Larry's death, the IRA is distributed to the named beneficiaries.

(1) Larry takes distributions at age 75 and calculated life expectancy using the Uniform Lifetime Table.

(2) Reflects assumed hypothetical annual rate of return of 4.00%.

(3) Required Minimum Distributions are based on the prior year's December 31 value and the Uniform Lifetime Table.

**Extending Your Legacy**

You receive your Required Minimum Distributions on your IRA until the time of your death based on the Uniform Lifetime Table. At your death, Larry rolls over the remaining IRA balance and names new beneficiaries for her IRA. With Larry now the current IRA owner, Required Minimum Distributions are based on the Uniform Lifetime Table. At Larry's death, her beneficiaries receive their percentage of the IRA and must take Required Minimum Distributions based on the single life expectancy table.

If Larry's estate does not have enough liquidity outside the IRA to pay any applicable estate taxes, and is forced to liquidate some of the IRA assets for these expenses, distributions to the next generation beneficiaries could be greatly reduced.

Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the illustrated values would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Multi-Generation Concept is a Fixed Indexed Annuity.



**John Wilson***Inherited Account Balance* \$43,367

End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance	End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance
2027	53	31.4	1,381	43,721	2043	69	15.4	2,660	39,948
2028	54	30.4	1,438	44,031	2044	70	14.4	2,774	38,771
2029	55	29.4	1,498	44,295	2045	71	13.4	2,893	37,429
2030	56	28.4	1,560	44,507	2046	72	12.4	3,018	35,907
2031	57	27.4	1,624	44,663	2047	73	11.4	3,150	34,194
2032	58	26.4	1,692	44,758	2048	74	10.4	3,288	32,274
2033	59	25.4	1,762	44,786	2049	75	9.4	3,433	30,131
2034	60	24.4	1,835	44,742	2050	76	8.4	3,587	27,750
2035	61	23.4	1,912	44,620	2051	77	7.4	3,750	25,110
2036	62	22.4	1,992	44,412	2052	78	6.4	3,923	22,191
2037	63	21.4	2,075	44,114	2053	79	5.4	4,109	18,969
2038	64	20.4	2,162	43,716	2054	80	4.4	4,311	15,417
2039	65	19.4	2,253	43,211	2055	81	3.4	4,534	11,499
2040	66	18.4	2,348	42,591	2056	82	2.4	4,791	7,168
2041	67	17.4	2,448	41,847	2057	83	1.4	5,120	2,335
2042	68	16.4	2,552	40,969	2058	84	0.4	2,428	0

**Total distributions received during John's lifetime are \$88,305**

- (1) Calculated on December 31st of the year following death and reduced by one each year thereafter.  
(2) Distributions subject to income tax.  
(3) Reflects assumed hypothetical annual rate of return of 4.00%.

Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the illustrated values would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Multi-Generation Concept is a Fixed Indexed Annuity.

**Kimberly Wilson***Inherited Account Balance*      \$43,367

End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance	End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance
2027	49	35.1	1,236	43,866	2045	67	17.1	2,575	43,212
2028	50	34.1	1,286	44,335	2046	68	16.1	2,684	42,257
2029	51	33.1	1,339	44,769	2047	69	15.1	2,798	41,149
2030	52	32.1	1,395	45,165	2048	70	14.1	2,918	39,876
2031	53	31.1	1,452	45,519	2049	71	13.1	3,044	38,427
2032	54	30.1	1,512	45,828	2050	72	12.1	3,176	36,788
2033	55	29.1	1,575	46,086	2051	73	11.1	3,314	34,946
2034	56	28.1	1,640	46,289	2052	74	10.1	3,460	32,884
2035	57	27.1	1,708	46,433	2053	75	9.1	3,614	30,585
2036	58	26.1	1,779	46,511	2054	76	8.1	3,776	28,033
2037	59	25.1	1,853	46,518	2055	77	7.1	3,948	25,206
2038	60	24.1	1,930	46,449	2056	78	6.1	4,132	22,082
2039	61	23.1	2,011	46,296	2057	79	5.1	4,330	18,635
2040	62	22.1	2,095	46,053	2058	80	4.1	4,545	14,836
2041	63	21.1	2,183	45,713	2059	81	3.1	4,786	10,643
2042	64	20.1	2,274	45,267	2060	82	2.1	5,068	6,001
2043	65	19.1	2,370	44,708	2061	83	1.1	5,455	786
2044	66	18.1	2,470	44,026	2062	84	0.1	817	0

**Total distributions received during Kimberly's lifetime are \$96,549**

- (1) Calculated on December 31st of the year following death and reduced by one each year thereafter.  
(2) Distributions subject to income tax.  
(3) Reflects assumed hypothetical annual rate of return of 4.00%.

Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the illustrated values would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Multi-Generation Concept is a Fixed Indexed Annuity.

**Ford Wilson***Inherited Account Balance* \$43,367

End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance	End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance
2027	25	58.2	745	44,357	2057	55	28.2	2,486	70,422
2028	26	57.2	775	45,356	2058	56	27.2	2,589	70,649
2029	27	56.2	807	46,363	2059	57	26.2	2,697	70,779
2030	28	55.2	840	47,377	2060	58	25.2	2,809	70,801
2031	29	54.2	874	48,398	2061	59	24.2	2,926	70,708
2032	30	53.2	910	49,425	2062	60	23.2	3,048	70,488
2033	31	52.2	947	50,455	2063	61	22.2	3,175	70,133
2034	32	51.2	985	51,487	2064	62	21.2	3,308	69,630
2035	33	50.2	1,026	52,521	2065	63	20.2	3,447	68,968
2036	34	49.2	1,068	53,555	2066	64	19.2	3,592	68,135
2037	35	48.2	1,111	54,586	2067	65	18.2	3,744	67,116
2038	36	47.2	1,156	55,613	2068	66	17.2	3,902	65,899
2039	37	46.2	1,204	56,633	2069	67	16.2	4,068	64,467
2040	38	45.2	1,253	57,646	2070	68	15.2	4,241	62,804
2041	39	44.2	1,304	58,647	2071	69	14.2	4,423	60,894
2042	40	43.2	1,358	59,636	2072	70	13.2	4,613	58,716
2043	41	42.2	1,413	60,608	2073	71	12.2	4,813	56,252
2044	42	41.2	1,471	61,561	2074	72	11.2	5,023	53,480
2045	43	40.2	1,531	62,492	2075	73	10.2	5,243	50,376
2046	44	39.2	1,594	63,398	2076	74	9.2	5,476	46,915
2047	45	38.2	1,660	64,274	2077	75	8.2	5,721	43,070
2048	46	37.2	1,728	65,117	2078	76	7.2	5,982	38,811
2049	47	36.2	1,799	65,923	2079	77	6.2	6,260	34,104
2050	48	35.2	1,873	66,687	2080	78	5.2	6,558	28,910
2051	49	34.2	1,950	67,405	2081	79	4.2	6,883	23,183
2052	50	33.2	2,030	68,071	2082	80	3.2	7,245	16,865
2053	51	32.2	2,114	68,680	2083	81	2.2	7,666	9,874
2054	52	31.2	2,201	69,226	2084	82	1.2	8,228	2,041
2055	53	30.2	2,292	69,702	2085	83	0.2	2,122	0
2056	54	29.2	2,387	70,103					

**Total distributions received during Ford's lifetime are \$174,694**

- (1) Calculated on December 31st of the year following death and reduced by one each year thereafter.  
(2) Distributions subject to income tax.  
(3) Reflects assumed hypothetical annual rate of return of 4.00%.

Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the illustrated values would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Multi-Generation Concept is a Fixed Indexed Annuity.

**Chevy Wilson***Inherited Account Balance* \$43,367

End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance	End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance
2027	24	59.1	734	44,368	2057	54	29.1	2,447	71,595
2028	25	58.1	764	45,379	2058	55	28.1	2,548	71,911
2029	26	57.1	795	46,400	2059	56	27.1	2,654	72,134
2030	27	56.1	827	47,429	2060	57	26.1	2,764	72,256
2031	28	55.1	861	48,465	2061	58	25.1	2,879	72,267
2032	29	54.1	896	49,508	2062	59	24.1	2,999	72,159
2033	30	53.1	932	50,556	2063	60	23.1	3,124	71,922
2034	31	52.1	970	51,608	2064	61	22.1	3,254	71,544
2035	32	51.1	1,010	52,662	2065	62	21.1	3,391	71,015
2036	33	50.1	1,051	53,717	2066	63	20.1	3,533	70,323
2037	34	49.1	1,094	54,772	2067	64	19.1	3,682	69,454
2038	35	48.1	1,139	55,824	2068	65	18.1	3,837	68,395
2039	36	47.1	1,185	56,872	2069	66	17.1	4,000	67,131
2040	37	46.1	1,234	57,913	2070	67	16.1	4,170	65,647
2041	38	45.1	1,284	58,945	2071	68	15.1	4,347	63,925
2042	39	44.1	1,337	59,967	2072	69	14.1	4,534	61,948
2043	40	43.1	1,391	60,974	2073	70	13.1	4,729	59,697
2044	41	42.1	1,448	61,965	2074	71	12.1	4,934	57,152
2045	42	41.1	1,508	62,936	2075	72	11.1	5,149	54,289
2046	43	40.1	1,569	63,884	2076	73	10.1	5,375	51,085
2047	44	39.1	1,634	64,805	2077	74	9.1	5,614	47,515
2048	45	38.1	1,701	65,696	2078	75	8.1	5,866	43,549
2049	46	37.1	1,771	66,553	2079	76	7.1	6,134	39,158
2050	47	36.1	1,844	67,372	2080	77	6.1	6,419	34,305
2051	48	35.1	1,919	68,147	2081	78	5.1	6,726	28,951
2052	49	34.1	1,998	68,875	2082	79	4.1	7,061	23,047
2053	50	33.1	2,081	69,549	2083	80	3.1	7,435	16,535
2054	51	32.1	2,167	70,164	2084	81	2.1	7,874	9,322
2055	52	31.1	2,256	70,715	2085	82	1.1	8,475	1,220
2056	53	30.1	2,349	71,194	2086	83	0.1	1,269	0

**Total distributions received during Chevy's lifetime are \$178,969**

- (1) Calculated on December 31st of the year following death and reduced by one each year thereafter.  
(2) Distributions subject to income tax.  
(3) Reflects assumed hypothetical annual rate of return of 4.00%.

Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the illustrated values would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Multi-Generation Concept is a Fixed Indexed Annuity.

**Miley Wilson***Inherited Account Balance* \$43,367

End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance	End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance
2027	23	60.1	722	44,380	2058	54	29.1	2,504	73,268
2028	24	59.1	751	45,405	2059	55	28.1	2,607	73,591
2029	25	58.1	781	46,439	2060	56	27.1	2,716	73,819
2030	26	57.1	813	47,484	2061	57	26.1	2,828	73,944
2031	27	56.1	846	48,537	2062	58	25.1	2,946	73,955
2032	28	55.1	881	49,597	2063	59	24.1	3,069	73,845
2033	29	54.1	917	50,664	2064	60	23.1	3,197	73,602
2034	30	53.1	954	51,737	2065	61	22.1	3,330	73,216
2035	31	52.1	993	52,813	2066	62	21.1	3,470	72,674
2036	32	51.1	1,034	53,892	2067	63	20.1	3,616	71,966
2037	33	50.1	1,076	54,972	2068	64	19.1	3,768	71,076
2038	34	49.1	1,120	56,051	2069	65	18.1	3,927	69,993
2039	35	48.1	1,165	57,128	2070	66	17.1	4,093	68,699
2040	36	47.1	1,213	58,200	2071	67	16.1	4,267	67,180
2041	37	46.1	1,262	59,266	2072	68	15.1	4,449	65,418
2042	38	45.1	1,314	60,322	2073	69	14.1	4,640	63,395
2043	39	44.1	1,368	61,367	2074	70	13.1	4,839	61,092
2044	40	43.1	1,424	62,398	2075	71	12.1	5,049	58,487
2045	41	42.1	1,482	63,412	2076	72	11.1	5,269	55,557
2046	42	41.1	1,543	64,406	2077	73	10.1	5,501	52,279
2047	43	40.1	1,606	65,376	2078	74	9.1	5,745	48,625
2048	44	39.1	1,672	66,319	2079	75	8.1	6,003	44,567
2049	45	38.1	1,741	67,231	2080	76	7.1	6,277	40,072
2050	46	37.1	1,812	68,108	2081	77	6.1	6,569	35,106
2051	47	36.1	1,887	68,946	2082	78	5.1	6,884	29,627
2052	48	35.1	1,964	69,739	2083	79	4.1	7,226	23,586
2053	49	34.1	2,045	70,484	2084	80	3.1	7,608	16,921
2054	50	33.1	2,129	71,174	2085	81	2.1	8,058	9,540
2055	51	32.1	2,217	71,803	2086	82	1.1	8,673	1,249
2056	52	31.1	2,309	72,367	2087	83	0.1	1,299	0
2057	53	30.1	2,404	72,857					

**Total distributions received during Miley's lifetime are \$183,871**

- (1) Calculated on December 31st of the year following death and reduced by one each year thereafter.  
(2) Distributions subject to income tax.  
(3) Reflects assumed hypothetical annual rate of return of 4.00%.

Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the illustrated values would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Multi-Generation Concept is a Fixed Indexed Annuity.

**Dodge Wilson***Inherited Account Balance* \$43,367

End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance	End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance
2027	22	61.1	710	44,392	2058	53	30.1	2,461	74,579
2028	23	60.1	739	45,429	2059	54	29.1	2,563	74,999
2029	24	59.1	769	46,478	2060	55	28.1	2,669	75,330
2030	25	58.1	800	47,537	2061	56	27.1	2,780	75,564
2031	26	57.1	833	48,606	2062	57	26.1	2,895	75,691
2032	27	56.1	866	49,684	2063	58	25.1	3,016	75,703
2033	28	55.1	902	50,769	2064	59	24.1	3,141	75,590
2034	29	54.1	938	51,862	2065	60	23.1	3,272	75,341
2035	30	53.1	977	52,959	2066	61	22.1	3,409	74,946
2036	31	52.1	1,017	54,061	2067	62	21.1	3,552	74,392
2037	32	51.1	1,058	55,166	2068	63	20.1	3,701	73,666
2038	33	50.1	1,101	56,271	2069	64	19.1	3,857	72,756
2039	34	49.1	1,146	57,376	2070	65	18.1	4,020	71,647
2040	35	48.1	1,193	58,478	2071	66	17.1	4,190	70,323
2041	36	47.1	1,242	59,576	2072	67	16.1	4,368	68,768
2042	37	46.1	1,292	60,667	2073	68	15.1	4,554	66,964
2043	38	45.1	1,345	61,748	2074	69	14.1	4,749	64,894
2044	39	44.1	1,400	62,818	2075	70	13.1	4,954	62,536
2045	40	43.1	1,457	63,873	2076	71	12.1	5,168	59,869
2046	41	42.1	1,517	64,911	2077	72	11.1	5,394	56,870
2047	42	41.1	1,579	65,928	2078	73	10.1	5,631	53,514
2048	43	40.1	1,644	66,921	2079	74	9.1	5,881	49,774
2049	44	39.1	1,712	67,886	2080	75	8.1	6,145	45,620
2050	45	38.1	1,782	68,820	2081	76	7.1	6,425	41,020
2051	46	37.1	1,855	69,718	2082	77	6.1	6,725	35,936
2052	47	36.1	1,931	70,575	2083	78	5.1	7,046	30,327
2053	48	35.1	2,011	71,387	2084	79	4.1	7,397	24,143
2054	49	34.1	2,093	72,149	2085	80	3.1	7,788	17,321
2055	50	33.1	2,180	72,856	2086	81	2.1	8,248	9,766
2056	51	32.1	2,270	73,500	2087	82	1.1	8,878	1,278
2057	52	31.1	2,363	74,077	2088	83	0.1	1,330	0

**Total distributions received during Dodge's lifetime are \$188,926**

- (1) Calculated on December 31st of the year following death and reduced by one each year thereafter.  
(2) Distributions subject to income tax.  
(3) Reflects assumed hypothetical annual rate of return of 4.00%.

Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the illustrated values would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Multi-Generation Concept is a Fixed Indexed Annuity.

**Mazda Wilson***Inherited Account Balance* \$43,367

End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance	End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance
2027	21	62.1	698	44,404	2059	53	30.1	2,520	76,361
2028	22	61.1	727	45,453	2060	54	29.1	2,624	76,792
2029	23	60.1	756	46,515	2061	55	28.1	2,733	77,130
2030	24	59.1	787	47,588	2062	56	27.1	2,846	77,369
2031	25	58.1	819	48,673	2063	57	26.1	2,964	77,500
2032	26	57.1	852	49,767	2064	58	25.1	3,088	77,512
2033	27	56.1	887	50,871	2065	59	24.1	3,216	77,396
2034	28	55.1	923	51,982	2066	60	23.1	3,351	77,142
2035	29	54.1	961	53,101	2067	61	22.1	3,491	76,737
2036	30	53.1	1,000	54,225	2068	62	21.1	3,637	76,170
2037	31	52.1	1,041	55,353	2069	63	20.1	3,790	75,427
2038	32	51.1	1,083	56,484	2070	64	19.1	3,949	74,495
2039	33	50.1	1,127	57,616	2071	65	18.1	4,116	73,359
2040	34	49.1	1,173	58,747	2072	66	17.1	4,290	72,003
2041	35	48.1	1,221	59,876	2073	67	16.1	4,472	70,411
2042	36	47.1	1,271	60,999	2074	68	15.1	4,663	68,565
2043	37	46.1	1,323	62,116	2075	69	14.1	4,863	66,444
2044	38	45.1	1,377	63,224	2076	70	13.1	5,072	64,030
2045	39	44.1	1,434	64,319	2077	71	12.1	5,292	61,300
2046	40	43.1	1,492	65,399	2078	72	11.1	5,522	58,229
2047	41	42.1	1,553	66,462	2079	73	10.1	5,765	54,793
2048	42	41.1	1,617	67,503	2080	74	9.1	6,021	50,963
2049	43	40.1	1,683	68,520	2081	75	8.1	6,292	46,710
2050	44	39.1	1,752	69,508	2082	76	7.1	6,579	42,000
2051	45	38.1	1,824	70,464	2083	77	6.1	6,885	36,795
2052	46	37.1	1,899	71,384	2084	78	5.1	7,215	31,052
2053	47	36.1	1,977	72,262	2085	79	4.1	7,574	24,720
2054	48	35.1	2,059	73,093	2086	80	3.1	7,974	17,735
2055	49	34.1	2,144	73,874	2087	81	2.1	8,445	9,999
2056	50	33.1	2,232	74,597	2088	82	1.1	9,090	1,309
2057	51	32.1	2,324	75,257	2089	83	0.1	1,361	0
2058	52	31.1	2,420	75,847					

**Total distributions received during Mazda's lifetime are \$194,139**

- (1) Calculated on December 31st of the year following death and reduced by one each year thereafter.  
(2) Distributions subject to income tax.  
(3) Reflects assumed hypothetical annual rate of return of 4.00%.

Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the illustrated values would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Multi-Generation Concept is a Fixed Indexed Annuity.

**Carney Wilson***Inherited Account Balance* \$43,367

End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance	End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance
2027	20	63.0	688	44,414	2059	52	31.0	2,482	77,549
2028	21	62.0	716	45,474	2060	53	30.0	2,585	78,066
2029	22	61.0	745	46,547	2061	54	29.0	2,692	78,497
2030	23	60.0	776	47,633	2062	55	28.0	2,803	78,833
2031	24	59.0	807	48,731	2063	56	27.0	2,920	79,067
2032	25	58.0	840	49,840	2064	57	26.0	3,041	79,189
2033	26	57.0	874	50,960	2065	58	25.0	3,168	79,189
2034	27	56.0	910	52,088	2066	59	24.0	3,300	79,057
2035	28	55.0	947	53,224	2067	60	23.0	3,437	78,782
2036	29	54.0	986	54,368	2068	61	22.0	3,581	78,352
2037	30	53.0	1,026	55,517	2069	62	21.0	3,731	77,755
2038	31	52.0	1,068	56,670	2070	63	20.0	3,888	76,977
2039	32	51.0	1,111	57,825	2071	64	19.0	4,051	76,005
2040	33	50.0	1,157	58,982	2072	65	18.0	4,223	74,823
2041	34	49.0	1,204	60,137	2073	66	17.0	4,401	73,414
2042	35	48.0	1,253	61,290	2074	67	16.0	4,588	71,762
2043	36	47.0	1,304	62,438	2075	68	15.0	4,784	69,849
2044	37	46.0	1,357	63,578	2076	69	14.0	4,989	67,654
2045	38	45.0	1,413	64,708	2077	70	13.0	5,204	65,156
2046	39	44.0	1,471	65,826	2078	71	12.0	5,430	62,332
2047	40	43.0	1,531	66,928	2079	72	11.0	5,667	59,159
2048	41	42.0	1,594	68,012	2080	73	10.0	5,916	55,609
2049	42	41.0	1,659	69,073	2081	74	9.0	6,179	51,655
2050	43	40.0	1,727	70,109	2082	75	8.0	6,457	47,264
2051	44	39.0	1,798	71,116	2083	76	7.0	6,752	42,403
2052	45	38.0	1,871	72,089	2084	77	6.0	7,067	37,032
2053	46	37.0	1,948	73,024	2085	78	5.0	7,406	31,107
2054	47	36.0	2,028	73,917	2086	79	4.0	7,777	24,574
2055	48	35.0	2,112	74,762	2087	80	3.0	8,191	17,366
2056	49	34.0	2,199	75,553	2088	81	2.0	8,683	9,378
2057	50	33.0	2,289	76,286	2089	82	1.0	9,753	0
2058	51	32.0	2,384	76,953					

**Total distributions received during Carney's lifetime are \$198,939**

- (1) Calculated on December 31st of the year following death and reduced by one each year thereafter.  
(2) Distributions subject to income tax.  
(3) Reflects assumed hypothetical annual rate of return of 4.00%.

Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the illustrated values would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Stretch Concept is a Fixed Indexed Annuity.



**Patsy Wilson***Inherited Account Balance* \$43,367

End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance	End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance
2027	19	64.0	678	44,424	2059	51	32.0	2,442	78,829
2028	20	63.0	705	45,496	2060	52	31.0	2,543	79,439
2029	21	62.0	734	46,582	2061	53	30.0	2,648	79,969
2030	22	61.0	764	47,682	2062	54	29.0	2,758	80,410
2031	23	60.0	795	48,794	2063	55	28.0	2,872	80,755
2032	24	59.0	827	49,919	2064	56	27.0	2,991	80,994
2033	25	58.0	861	51,055	2065	57	26.0	3,115	81,119
2034	26	57.0	896	52,202	2066	58	25.0	3,245	81,119
2035	27	56.0	932	53,358	2067	59	24.0	3,380	80,984
2036	28	55.0	970	54,522	2068	60	23.0	3,521	80,702
2037	29	54.0	1,010	55,693	2069	61	22.0	3,668	80,262
2038	30	53.0	1,051	56,870	2070	62	21.0	3,822	79,650
2039	31	52.0	1,094	58,051	2071	63	20.0	3,983	78,854
2040	32	51.0	1,138	59,235	2072	64	19.0	4,150	77,858
2041	33	50.0	1,185	60,420	2073	65	18.0	4,325	76,646
2042	34	49.0	1,233	61,603	2074	66	17.0	4,509	75,204
2043	35	48.0	1,283	62,784	2075	67	16.0	4,700	73,512
2044	36	47.0	1,336	63,960	2076	68	15.0	4,901	71,551
2045	37	46.0	1,390	65,128	2077	69	14.0	5,111	69,303
2046	38	45.0	1,447	66,285	2078	70	13.0	5,331	66,744
2047	39	44.0	1,506	67,430	2079	71	12.0	5,562	63,851
2048	40	43.0	1,568	68,559	2080	72	11.0	5,805	60,601
2049	41	42.0	1,632	69,669	2081	73	10.0	6,060	56,965
2050	42	41.0	1,699	70,757	2082	74	9.0	6,329	52,914
2051	43	40.0	1,769	71,818	2083	75	8.0	6,614	48,416
2052	44	39.0	1,841	72,849	2084	76	7.0	6,917	43,436
2053	45	38.0	1,917	73,846	2085	77	6.0	7,239	37,934
2054	46	37.0	1,996	74,804	2086	78	5.0	7,587	31,865
2055	47	36.0	2,078	75,719	2087	79	4.0	7,966	25,173
2056	48	35.0	2,163	76,584	2088	80	3.0	8,391	17,789
2057	49	34.0	2,252	77,395	2089	81	2.0	8,895	9,606
2058	50	33.0	2,345	78,145	2090	82	1.0	9,990	0

**Total distributions received during Patsy's lifetime are \$204,466**

- (1) Calculated on December 31st of the year following death and reduced by one each year thereafter.  
(2) Distributions subject to income tax.  
(3) Reflects assumed hypothetical annual rate of return of 4.00%.

Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the illustrated values would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Multi-Generation Concept is a Fixed Indexed Annuity.

**June Wilson***Inherited Account Balance**June Wilson*

End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance	End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance
2027	16	66.9	648	44,454	2061	50	32.9	2,528	83,984
2028	17	65.9	675	45,557	2062	51	31.9	2,633	84,711
2029	18	64.9	702	46,678	2063	52	30.9	2,741	85,358
2030	19	63.9	730	47,814	2064	53	29.9	2,855	85,917
2031	20	62.9	760	48,967	2065	54	28.9	2,973	86,381
2032	21	61.9	791	50,134	2066	55	27.9	3,096	86,740
2033	22	60.9	823	51,316	2067	56	26.9	3,225	86,985
2034	23	59.9	857	52,512	2068	57	25.9	3,359	87,106
2035	24	58.9	892	53,721	2069	58	24.9	3,498	87,092
2036	25	57.9	928	54,942	2070	59	23.9	3,644	86,932
2037	26	56.9	966	56,174	2071	60	22.9	3,796	86,613
2038	27	55.9	1,005	57,417	2072	61	21.9	3,955	86,122
2039	28	54.9	1,046	58,667	2073	62	20.9	4,121	85,447
2040	29	53.9	1,088	59,926	2074	63	19.9	4,294	84,571
2041	30	52.9	1,133	61,190	2075	64	18.9	4,475	83,479
2042	31	51.9	1,179	62,458	2076	65	17.9	4,664	82,154
2043	32	50.9	1,227	63,730	2077	66	16.9	4,861	80,579
2044	33	49.9	1,277	65,002	2078	67	15.9	5,068	78,735
2045	34	48.9	1,329	66,272	2079	68	14.9	5,284	76,600
2046	35	47.9	1,384	67,540	2080	69	13.9	5,511	74,153
2047	36	46.9	1,440	68,801	2081	70	12.9	5,748	71,371
2048	37	45.9	1,499	70,054	2082	71	11.9	5,998	68,228
2049	38	44.9	1,560	71,296	2083	72	10.9	6,259	64,698
2050	39	43.9	1,624	72,524	2084	73	9.9	6,535	60,751
2051	40	42.9	1,691	73,735	2085	74	8.9	6,826	56,355
2052	41	41.9	1,760	74,924	2086	75	7.9	7,134	51,475
2053	42	40.9	1,832	76,089	2087	76	6.9	7,460	46,074
2054	43	39.9	1,907	77,226	2088	77	5.9	7,809	40,108
2055	44	38.9	1,985	78,330	2089	78	4.9	8,185	33,527
2056	45	37.9	2,067	79,396	2090	79	3.9	8,597	26,271
2057	46	36.9	2,152	80,420	2091	80	2.9	9,059	18,263
2058	47	35.9	2,240	81,397	2092	81	1.9	9,612	9,382
2059	48	34.9	2,332	82,321	2093	82	0.9	9,757	0
2060	49	33.9	2,428	83,185					

**Total distributions received during June's lifetime are \$221,515**

- (1) Calculated on December 31st of the year following death and reduced by one each year thereafter.  
 (2) Distributions subject to income tax.  
 (3) Reflects assumed hypothetical annual rate of return of 4.00%.

Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the illustrated values would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Multi-Generation Concept is a Fixed Indexed Annuity.

## Legacy or Tax Bill?

The following compares the after-tax effect if the next generation beneficiaries take the IRA inheritance in a lump sum or spread the distributions over their lifetime using the Multi-Generation Strategy.

### John Wilson at Assumed Age 53

<b>Lump Sum Distribution</b> \$43,367	<b>RMD</b> \$43,367
\$43,367 <u>-\$10,895</u> (28.00% top \$32,472 tax bracket)	spreads income over 32 years  Total after-tax distributions: \$66,229  Total taxes paid: * \$22,076 (32 years) (25.00% median tax bracket)

### Kimberly Wilson at Assumed Age 49

<b>Lump Sum Distribution</b> \$43,367	<b>RMD</b> \$43,367
\$43,367 <u>-\$10,895</u> (28.00% top \$32,472 tax bracket)	spreads income over 36 years  Total after-tax distributions: \$72,412  Total taxes paid: * \$24,137 (36 years) (25.00% median tax bracket)

## Legacy or Tax Bill?

### Ford Wilson at Assumed Age 25

<b>Lump Sum Distribution</b> \$43,367	<b>RMD</b> \$43,367
\$43,367 <del>-\$10,895</del> (28.00% top \$32,472 tax bracket)	spreads income over 59 years  Total after-tax distributions: \$131,020  Total taxes paid: * \$43,673 (59 years) (25.00% median tax bracket)

### Chevy Wilson at Assumed Age 24

<b>Lump Sum Distribution</b> \$43,367	<b>RMD</b> \$43,367
\$43,367 <del>-\$10,895</del> (28.00% top \$32,472 tax bracket)	spreads income over 60 years  Total after-tax distributions: \$134,226  Total taxes paid: * \$44,742 (60 years) (25.00% median tax bracket)

## Legacy or Tax Bill?

### Miley Wilson at Assumed Age 23

<b>Lump Sum Distribution</b> \$43,367	<b>RMD</b> \$43,367
\$43,367 <del>-\$10,895</del> (28.00% top \$32,472 tax bracket)	spreads income over 61 years  Total after-tax distributions: \$137,903  Total taxes paid: * \$45,968 (61 years) (25.00% median tax bracket)

### Dodge Wilson at Assumed Age 22

<b>Lump Sum Distribution</b> \$43,367	<b>RMD</b> \$43,367
\$43,367 <del>-\$10,895</del> (28.00% top \$32,472 tax bracket)	spreads income over 62 years  Total after-tax distributions: \$141,695  Total taxes paid: * \$47,232 (62 years) (25.00% median tax bracket)

## Legacy or Tax Bill?

### Mazda Wilson at Assumed Age 21

<b>Lump Sum Distribution</b> \$43,367	<b>RMD</b> \$43,367
\$43,367 <del>-\$10,895</del> (28.00% top \$32,472 tax bracket)	spreads income over 63 years  Total after-tax distributions: \$145,604  Total taxes paid: * \$48,535 (63 years) (25.00% median tax bracket)

### Carney Wilson at Assumed Age 20

<b>Lump Sum Distribution</b> \$43,367	<b>RMD</b> \$43,367
\$43,367 <del>-\$10,895</del> (28.00% top \$32,472 tax bracket)	spreads income over 63 years  Total after-tax distributions: \$149,204  Total taxes paid: * \$49,735 (63 years) (25.00% median tax bracket)

## Legacy or Tax Bill?

### Patsy Wilson at Assumed Age 19

<b>Lump Sum Distribution</b> \$43,367	<b>RMD</b> \$43,367
\$43,367 <del>-\$10,895</del> (28.00% top \$32,472 tax bracket)	spreads income over 64 years  Total after-tax distributions: \$153,349  Total taxes paid: * \$51,116 (64 years) (25.00% median tax bracket)

### June Wilson at Assumed Age 16

<b>Lump Sum Distribution</b> \$43,367	<b>RMD</b> \$43,367
\$43,367 <del>-\$10,895</del> (\$B10TBL top \$32,472 tax bracket)	spreads income over 67 years  Total after-tax distributions: \$166,136  Total taxes paid: * \$55,379 67 years) (25.00% median tax bracket)

## Tax Calculation Assumptions

All income tax calculations assume each individual has a taxable income of \$50,000 each year and pays taxes based on 2012 income tax tables for a Single filer. Annual distributions are then added to the Gross Income and income taxes are recomputed. This method results in a reasonable approximation of the actual income tax effect of receiving distributions. Tax rates are subject to change and may differ from this analysis. State income taxes are not included in this example.

Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the illustrated values would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Multi-Generation Concept is a Fixed Indexed Annuity.

\* Under the RMD distribution method, your RMD should increase as your life expectancy decreases. As a result, your Taxable Income may also increase over time. "Total taxes paid" reflects the total federal taxes you would pay based on the above assumptions. The "median tax rate" is added to the chart to help you compare federal income taxation of this method with the lump sum distribution option. Actual tax rates will differ from this median.

## Illustration Assumptions and Considerations

### Required Minimum Distributions

Beginning with age 70 1/2, you are required by law to withdraw a certain minimum amount from your IRA each year. This illustration assumes that you take at least the Required Minimum Distribution at the end of each year. After your death your beneficiaries are also required to withdraw a minimum amount from their inherited IRA. This illustration assumes that your beneficiaries withdraw only the minimum amount each year.

### Survivor Income Options

Many retirement plan trustees or custodians limit the beneficiary's distribution period from one to five years. We *strongly* recommend that you read your plan document *carefully* to ensure that your beneficiaries will have the option to receive required minimum distributions over their lifetime, as demonstrated in this report. Your beneficiary's ability to receive income over their lifetime is essential to generate the most income from your retirement plan. Also, your heirs may face dramatic income tax consequences if they are forced to receive the proceeds of your retirement plan in a lump sum.

### Assumed Growth Rate

Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the total distributions would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Multi-Generation Concept is a Fixed Indexed Annuity.

### Time Duration

This "Multi-Generation IRA" illustration spans 82 years with assets being distributed over several generations. Some of the assumptions in this illustration may change during this timeframe that may affect the total distributions received by you and your beneficiaries. For example, lower or higher rates of return than those illustrated, distributions higher than the RMD, tax law changes, and changing beneficiaries are events that may impact the assumptions of this illustration.



**Potential Tax Law Changes**

This illustration is based on current tax laws, which are subject to change, possibly making the "Multi-Generation IRA" distribution strategy obsolete in the future. Neither ImagiSOFT, Inc. nor its agents or employees provide tax, legal, financial, or accounting advice. You should consult with your attorney or qualified tax advisor regarding these matters.

**Beneficiary Changes**

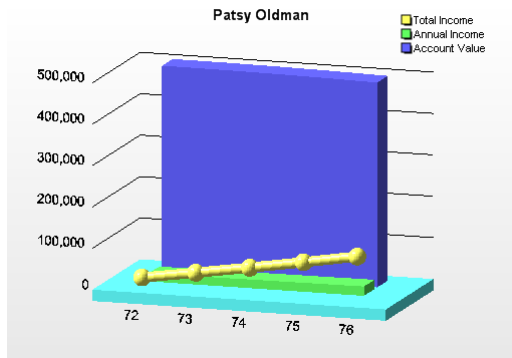
The plan owner may add, delete, or change beneficiaries at any time. Changing beneficiaries will impact the assumptions and future distributions shown in this illustration.

**Consider Inflation**

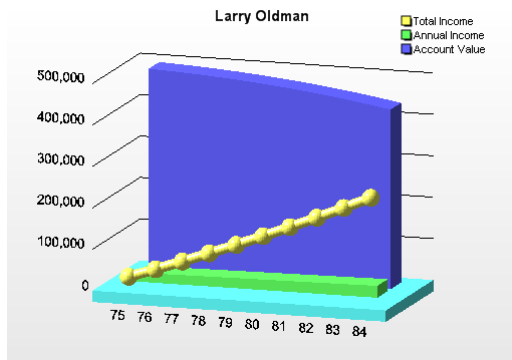
This illustration does not take into account that inflation may erode the purchasing power of the future dollars shown.

**Possible Estate Taxes**

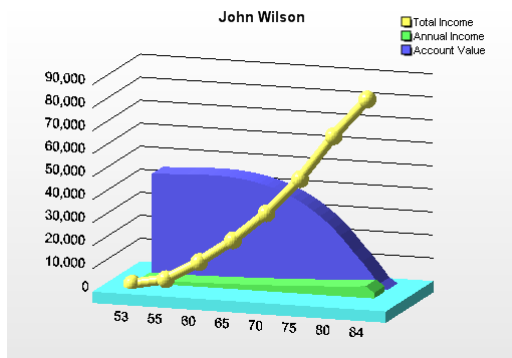
Traditional IRA assets are part of your estate when you die. The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) increased the estate tax unified credit exclusions from 2002 to 2009, and in 2010, the Act eliminates the estate tax. However, in 2011, the estate tax section of EGTRRA is scheduled to sunset. If the Act does sunset without modification, the estate tax unified credit exclusion will revert to \$1,000,000 in 2011. Federal or state estate taxes, if paid from the IRA assets will dramatically reduce the illustrated income paid to future beneficiaries. Please consult with your qualified tax professional to determine whether you may have an estate tax liability which could be detrimental to your "Multi-Generation IRA" distribution plan.



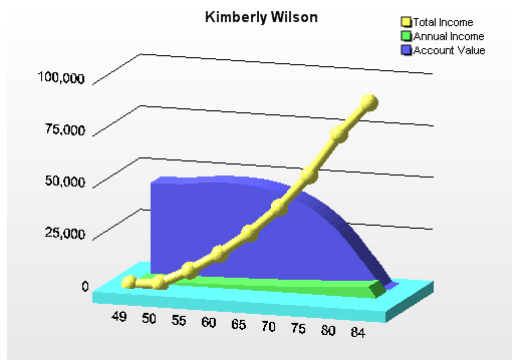
Values reflect a hypothetical annual rate of return of 4.00%. Total distributions during Patsy's lifetime are \$105,219. At Patsy's death, Larry completes an IRA rollover.



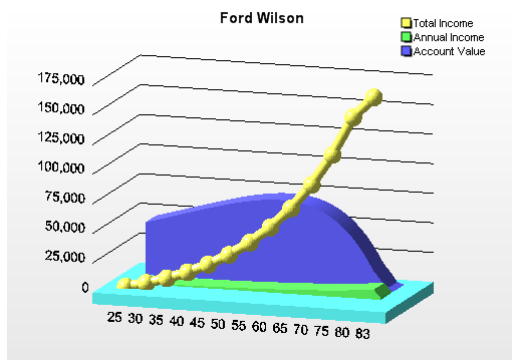
Values reflect a hypothetical annual rate of return of 4.00%. Total distributions during Larry's lifetime are \$251,206. At Larry's death, the IRA is distributed to the named beneficiaries.



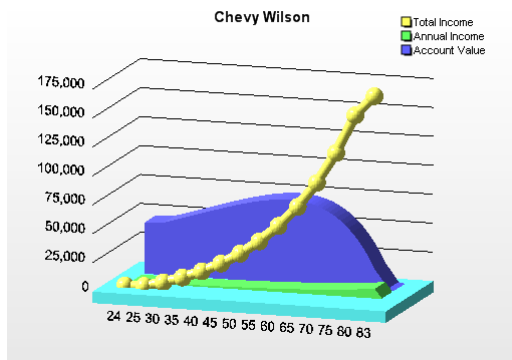
John inherits an account balance of \$43,367. Values reflect a hypothetical annual rate of return of 4.00%. Total distributions during John's lifetime are \$88,305.



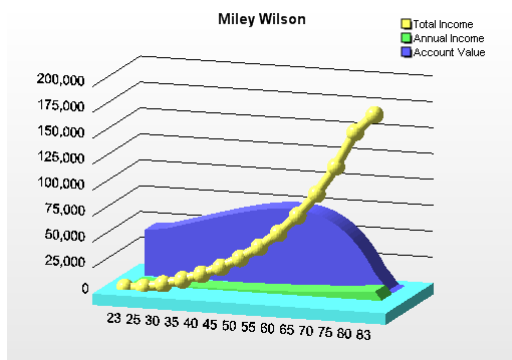
Kimberly inherits an account balance of \$43,367. Values reflect a hypothetical annual rate of return of 4.00%. Total distributions during Kimberly's lifetime are \$96,549.



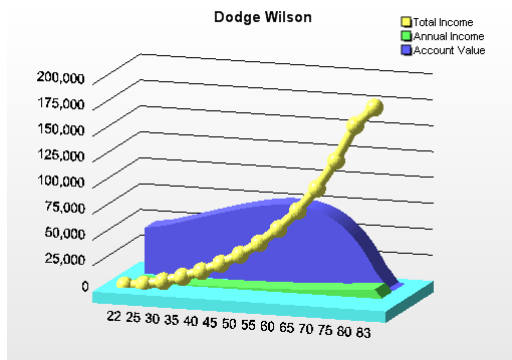
Ford inherits an account balance of \$43,367. Values reflect a hypothetical annual rate of return of 4.00%. Total distributions during Ford's lifetime are \$174,694.



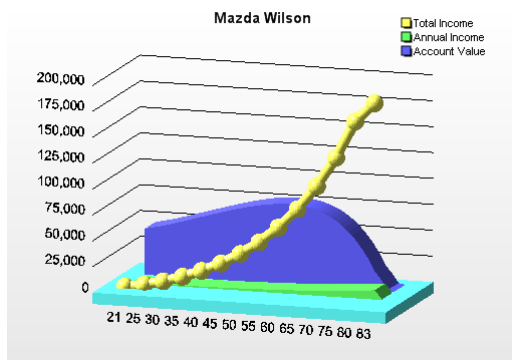
Chevy inherits an account balance of \$43,367. Values reflect a hypothetical annual rate of return of 4.00%. Total distributions during Chevy's lifetime are \$178,969.



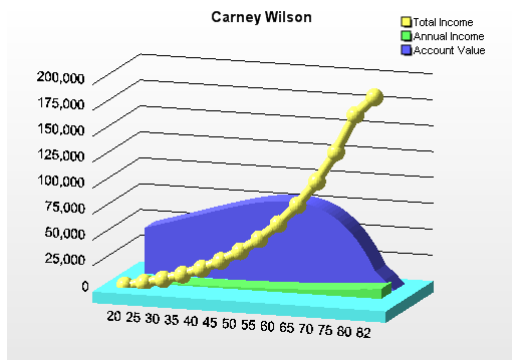
Miley inherits an account balance of \$43,367. Values reflect a hypothetical annual rate of return of 4.00%. Total distributions during Miley's lifetime are \$183,871.



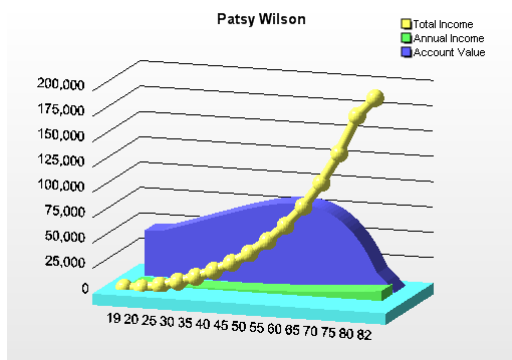
Dodge inherits an account balance of \$43,367. Values reflect a hypothetical annual rate of return of 4.00%. Total distributions during Dodge's lifetime are \$188,926.



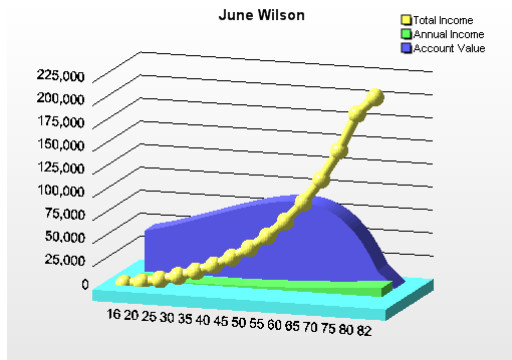
Mazda inherits an account balance of \$43,367. Values reflect a hypothetical annual rate of return of 4.00%. Total distributions during Mazda's lifetime are \$194,139.



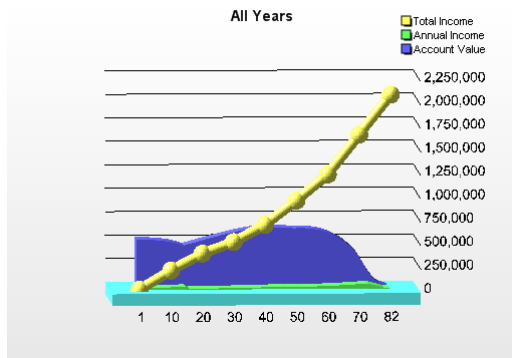
Carney inherits an account balance of \$43,367. Values reflect a hypothetical annual rate of return of 4.00%. Total distributions during Carney's lifetime are \$198,939.



Patsy inherits an account balance of \$43,367. Values reflect a hypothetical annual rate of return of 4.00%. Total distributions during Patsy's lifetime are \$204,466.



June inherits an account balance of \$43,367. Values reflect a hypothetical annual rate of return of 4.00%. Total distributions during June's lifetime are \$221,515.



The account spans a total of 82 years and provides a total income of \$2,086,798.

Exhibit E

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# Stretch IRA Illustration REPORT

Prepared for:  
James Smith  
3/17/2013

Prepared by:  
Tom Smith  
CTT

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A “stretch IRA” is a planning tactic that can be used to extend the life of an IRA and the tax-deferred status for its investments for many years after the death of the IRA owner. This prolongation of an IRA can be part of an effective wealth transfer strategy to build wealth for future generations. This Stretch IRA analysis report can be used to illustrate the impact of potential beneficiary payout scenarios. It is recommended that you discuss your beneficiary designations with your tax/legal advisor.

#### **Stretch IRA defined.**

A “stretch” IRA is not an actual type of IRA but is a strategy to extend the life of your IRA through your beneficiary choices, such that its assets may continue to grow tax-deferred and potentially benefit future generations. The “stretch” describes the opportunity for a beneficiary to be permitted to only have to take required minimum distributions over a period of time measured by his/her life expectancy.

#### **Stretch IRA benefits.**

The “stretch” enables the beneficiary to potentially maintain the IRA and the tax-deferred growth of its investments for many years. A beneficiary can always withdraw funds from the IRA whenever and in whatever amounts they desire. However, if they do not need the money, they are only required to take minimum distributions annually over a period of their life expectancy. This can both spread out and minimize the income tax on the distributions and allow for more assets to continue to grow tax-deferred. Thus, the “stretch” IRA can be an effective wealth transfer strategy.

#### **Naming your beneficiaries.**

The way to create the possibility of a “stretch” is simply by naming designated beneficiaries. While you are alive, your beneficiary designations will have little or no impact on the RMDs you must take during your lifetime. Upon your death, however, your beneficiary designations will have a significant impact on how distributions may be made from your IRA. In general, designated beneficiaries can extend the RMDs that must be taken out each year to a period over their individual life expectancies. Many IRA owners choose their spouse as the primary beneficiary. A spouse who is the sole designated beneficiary of an IRA will have options with making distributions that are not available to non-spouse beneficiaries. While the options available to a non-

spouse beneficiary may not be as broad as those for the spouse, the basic option to be able to “stretch out” RMDs over the beneficiary’s life expectancy is usually always available.

#### **Stretch IRA strategy with a Roth IRA.**

The “stretching” of a Roth IRA is also permissible. The key difference is that generally the RMDs and distributions of a beneficiary from a Roth IRA are tax-free. Thus, a stretch Roth IRA can also be an effective strategy to pass wealth to heirs that would be income tax-free as opposed to tax-deferred.

#### **Discuss the “stretch” IRA strategy and beneficiary designations with your legal and tax advisors.**

The “stretch” IRA can be an effective wealth transfer strategy. The naming of beneficiaries for your IRA can have important tax and estate planning effects. Thus, in addition to discussing this report with your financial advisor, you should also consult with your legal and/or tax advisor to discuss the impact of beneficiary designations on your current tax, estate, and wealth transfer plan.



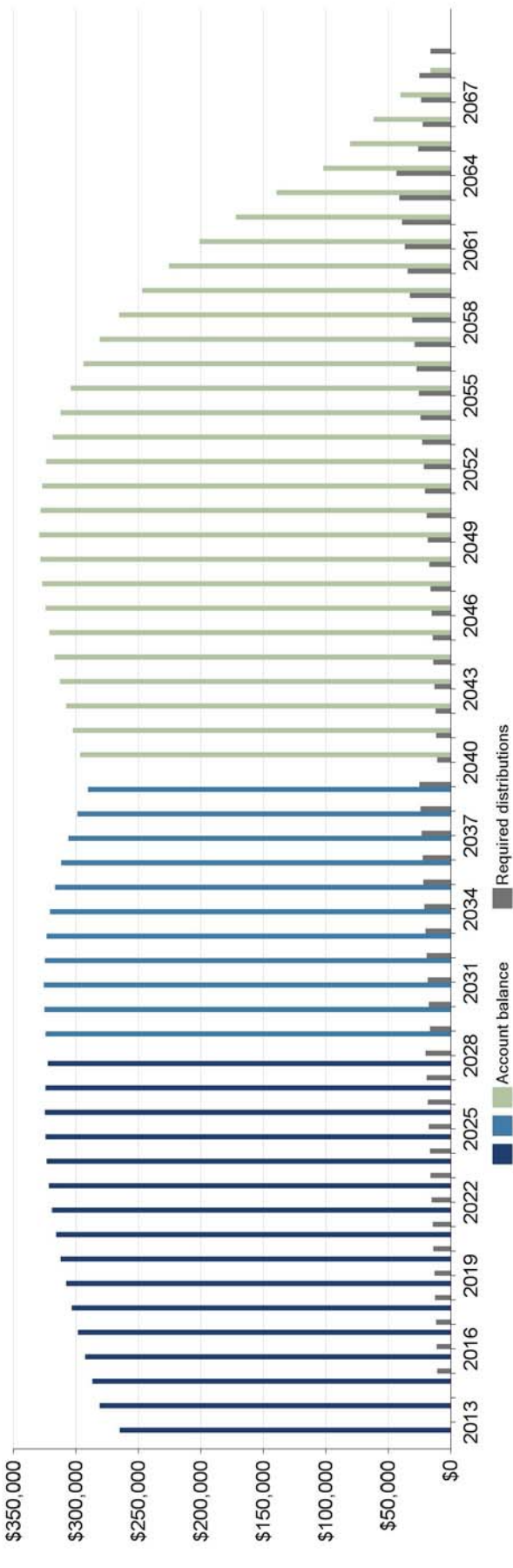
The following information has been used to prepare your stretch IRA illustration:

IRA Owner Information	
Name	James Smith
Pershing account number	
Date of birth	5/5/1945
Gender	Male
Illustration start year	2013
Expected age at retirement	65
Account balance as of 12/31 of preceding year	\$250,000
Type of IRA	Traditional
Primary Beneficiary Information	
Name	Susan Smith
Date of birth	7/5/1950
Inheritance percentage	100.0
Relationship	Spouse
Gender	Female
Beneficiaries	2

Name	Karen
Beneficiary date of birth	8/1/1980
Relationship	Daughter
Inheritance percentage	50.0
Name	Daniel
Beneficiary date of birth	9/15/1985
Relationship	Son
Inheritance percentage	50.0
Rate of return assumptions	
Expected pre-retirement annual rate of return	6.00%
Expected retirement annual rate of return	6.00%

Total distributions across all generations

Beginning balance \$250,000      Total distributions (\$1,132,433)



IRA Owner		Primary Beneficiary		Final Beneficiaries	
James Smith		Susan Smith		Karen Daniel	
Year one account value	\$250,000	Inherited account value	\$322,258	Inherited account value	\$290,283
Earnings	\$278,535	Earnings	\$196,215	Earnings	\$407,685
Total distributions	(\$206,276)	Total distributions	(\$228,190)	Total distributions	(\$697,967)
Ending value	\$322,258	Ending value	\$290,283		

--	--

# RESULTS: IRA Holder

Exhibit E

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James Smith

Beginning account balance January 1, 2013 \$250,000

Year	Age	Life exp.	Earnings	Required minimum distributions	Account value
2013	68	N/A	\$15,000	\$0	\$265,000
2014	69	N/A	\$15,900	\$0	\$280,900
2015	70	27.4	\$16,239	(\$10,252)	\$286,887
2016	71	26.5	\$16,564	(\$10,826)	\$292,625
2017	72	25.6	\$16,872	(\$11,431)	\$298,066
2018	73	24.7	\$17,160	(\$12,067)	\$303,158
2019	74	23.8	\$17,425	(\$12,738)	\$307,846
2020	75	22.9	\$17,664	(\$13,443)	\$312,067
2021	76	22.0	\$17,873	(\$14,185)	\$315,755
2022	77	21.2	\$18,052	(\$14,894)	\$318,912
2023	78	20.3	\$18,192	(\$15,710)	\$321,395
2024	79	19.5	\$18,295	(\$16,482)	\$323,208
2025	80	18.7	\$18,355	(\$17,284)	\$324,279
2026	81	17.9	\$18,370	(\$18,116)	\$324,533
2027	82	17.1	\$18,333	(\$18,979)	\$323,888
2028	83	16.3	\$18,241	(\$19,870)	\$322,258
<b>Total</b>			<b>\$278,535</b>	<b>(\$206,276)</b>	

PREPARED FOR: James Smith  
 PREPARED BY: Tom Smith  
 DATE: 3/17/2013

STRETCH IRA ILLUSTRATION REPORT

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# RESULTS: Primary Beneficiary - Spouse

Exhibit E

## Susan Smith

Inherited account balance \$322,258

Year	Age	Life exp.	Earnings	Required minimum distributions	Account value
2029	79	19.5	\$18,344	(\$16,526)	\$324,076
2030	80	18.7	\$18,405	(\$17,330)	\$325,151
2031	81	17.9	\$18,419	(\$18,165)	\$325,405
2032	82	17.1	\$18,383	(\$19,030)	\$324,758
2033	83	16.3	\$18,290	(\$19,924)	\$323,124
2034	84	15.5	\$18,137	(\$20,847)	\$320,414
2035	85	14.8	\$17,926	(\$21,650)	\$316,690
2036	86	14.1	\$17,654	(\$22,460)	\$311,884
2037	87	13.4	\$17,317	(\$23,275)	\$305,925
2038	88	12.7	\$16,910	(\$24,089)	\$298,747
2039	89	12.0	\$16,431	(\$24,896)	\$290,283
Total			\$196,215	(\$228,190)	

This illustration assumes a Spouse beneficiary will always choose to rollover inherited account balance into their own IRA.

# RESULTS: Final Beneficiary - Daughter

Exhibit E

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## Karen

Inherited account balance \$145,141

Year	Age	Life exp.	Earnings	Required minimum distributions	Account value
2040	60	25.2	\$8,363	(\$5,760)	\$147,744
2041	61	24.2	\$8,498	(\$6,105)	\$150,138
2042	62	23.2	\$8,620	(\$6,471)	\$152,286
2043	63	22.2	\$8,726	(\$6,860)	\$154,152
2044	64	21.2	\$8,813	(\$7,271)	\$155,693
2045	65	20.2	\$8,879	(\$7,708)	\$156,865
2046	66	19.2	\$8,922	(\$8,170)	\$157,617
2047	67	18.2	\$8,937	(\$8,660)	\$157,894
2048	68	17.2	\$8,923	(\$9,180)	\$157,637
2049	69	16.2	\$8,874	(\$9,731)	\$156,780
2050	70	15.2	\$8,788	(\$10,315)	\$155,254
2051	71	14.2	\$8,659	(\$10,933)	\$152,980
2052	72	13.2	\$8,483	(\$11,589)	\$149,874
2053	73	12.2	\$8,255	(\$12,285)	\$145,844
2054	74	11.2	\$7,969	(\$13,022)	\$140,792
2055	75	10.2	\$7,619	(\$13,803)	\$134,608
2056	76	9.2	\$7,199	(\$14,631)	\$127,175
2057	77	8.2	\$6,700	(\$15,509)	\$118,366
2058	78	7.2	\$6,116	(\$16,440)	\$108,042
2059	79	6.2	\$5,437	(\$17,426)	\$96,053
2060	80	5.2	\$4,655	(\$18,472)	\$82,236

Year	Age	Life exp.	Earnings	Required minimum distributions	Account value
2061	81	4.2	\$3,759	(\$19,580)	\$66,415
2062	82	3.2	\$2,740	(\$20,755)	\$48,400
2063	83	2.2	\$1,584	(\$22,000)	\$27,984
2064	84	1.2	\$280	(\$23,320)	\$4,944
2065	85	1.0	\$0	(\$4,944)	\$0
<b>Total</b>			<b>\$175,799</b>	<b>(\$320,940)</b>	

# RESULTS: Final Beneficiary - Son Exhibit E

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## Daniel

Inherited account balance \$145,141

Year	Age	Life exp.	Earnings	Required minimum distributions	Account value
2040	55	29.6	\$8,414	(\$4,903)	\$148,652
2041	56	28.6	\$8,607	(\$5,198)	\$152,061
2042	57	27.6	\$8,793	(\$5,509)	\$155,345
2043	58	26.6	\$8,970	(\$5,840)	\$158,475
2044	59	25.6	\$9,137	(\$6,190)	\$161,422
2045	60	24.6	\$9,292	(\$6,562)	\$164,152
2046	61	23.6	\$9,432	(\$6,956)	\$166,628
2047	62	22.6	\$9,555	(\$7,373)	\$168,810
2048	63	21.6	\$9,660	(\$7,815)	\$170,655
2049	64	20.6	\$9,742	(\$8,284)	\$172,113
2050	65	19.6	\$9,800	(\$8,781)	\$173,131
2051	66	18.6	\$9,829	(\$9,308)	\$173,653
2052	67	17.6	\$9,827	(\$9,867)	\$173,613
2053	68	16.6	\$9,789	(\$10,459)	\$172,944
2054	69	15.6	\$9,711	(\$11,086)	\$171,569
2055	70	14.6	\$9,589	(\$11,751)	\$169,407
2056	71	13.6	\$9,417	(\$12,456)	\$166,368
2057	72	12.6	\$9,190	(\$13,204)	\$162,354
2058	73	11.6	\$8,901	(\$13,996)	\$157,259
2059	74	10.6	\$8,545	(\$14,836)	\$150,969
2060	75	9.6	\$8,115	(\$15,726)	\$143,357

Year	Age	Life exp.	Earnings	Required minimum distributions	Account value
2061	76	8.6	\$7,601	(\$16,669)	\$134,289
2062	77	7.6	\$6,997	(\$17,670)	\$123,617
2063	78	6.6	\$6,293	(\$18,730)	\$111,180
2064	79	5.6	\$5,480	(\$19,854)	\$96,806
2065	80	4.6	\$4,546	(\$21,045)	\$80,307
2066	81	3.6	\$3,480	(\$22,307)	\$61,479
2067	82	2.6	\$2,270	(\$23,646)	\$40,104
2068	83	1.6	\$902	(\$25,065)	\$15,941
2069	84	1.0	\$0	(\$15,941)	\$0
<b>Total</b>			<b>\$231,886</b>	<b>(\$377,027)</b>	

# IMPORTANT DISCLOSURE INFORMATION

Exhibit E

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